Y4.Ap6/1:T71/987/pt.5

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1987

---

mf 160

COMPLETED
858.

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

EDWARD R. ROYBAL, California, *Chairman*

JOSEPH P. ADDABBO, New York	JOE SKEEN, New Mexico
DANIEL K. AKAKA, Hawaii	BILL LOWERY, California
STENY H. HOYER, Maryland	FRANK R. WOLF, Virginia
RONALD D. COLEMAN, Texas	
SIDNEY R. YATES, Illinois	

AUBREY A. GUNNELS and C. WILLIAM SMITH, *Staff Assistants*

PART 5

GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations

ORIGINAL

3

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1987

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

NINETY-NINTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON THE TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS

EDWARD R. ROYBAL, California, *Chairman*

JOSEPH P. ADDABBO, New York	JOE SKEEN, New Mexico
DANIEL K. AKAKA, Hawaii	BILL LOWERY, California
STENY H. HOYER, Maryland	FRANK R. WOLF, Virginia
RONALD D. COLEMAN, Texas	
SIDNEY R. YATES, Illinois	

AUBREY A. GUNNELS and C. WILLIAM SMITH, *Staff Assistants*

PART 5

GENERAL SERVICES ADMINISTRATION

Printed for the use of the Committee on Appropriations

U.S. GOVERNMENT PRINTING OFFICE
58-929 O WASHINGTON : 1986

58-929 O - 86 - 1

1

BEST COPY AVAILABLE

COMMITTEE ON APPROPRIATIONS

JAMIE L. WHITTEN, Mississippi, *Chairman*

EDWARD P. BOLAND, Massachusetts
WILLIAM H. NATCHER, Kentucky
NEAL SMITH, Iowa
JOSEPH P. ADDABBO, New York
SIDNEY R. YATES, Illinois
DAVID R. OBEY, Wisconsin
EDWARD R. ROYBAL, California
LOUIS STOKES, Ohio
TOM BEVILL, Alabama
BILL CHAPPELL, Jr., Florida
BILL ALEXANDER, Arkansas
JOHN P. MURTHA, Pennsylvania
BOB TRAXLER, Michigan
JOSEPH D. EARLY, Massachusetts
CHARLES WILSON, Texas
LINDY (MRS. HALE) BOGGS, Louisiana
NORMAN D. DICKS, Washington
MATTHEW F. McHUGH, New York
WILLIAM LEHMAN, Florida
MARTIN OLAV SABO, Minnesota
JULIAN C. DIXON, California
VIC FAZIO, California
W. G. (BILL) HEFNER, North Carolina
LES AuCOIN, Oregon
DANIEL K. AKAKA, Hawaii
WES WATKINS, Oklahoma
WILLIAM H. GRAY III, Pennsylvania
BERNARD J. DWYER, New Jersey
BILL BONER, Tennessee
STENY H. HOYER, Maryland
BOB CARR, Michigan
ROBERT J. MRAZEK, New York
RICHARD J. DURBIN, Illinois
RONALD D. COLEMAN, Texas

SILVIO O. CONTE, Massachusetts
JOSEPH M. McDADE, Pennsylvania
JOHN T. MYERS, Indiana
CLARENCE E. MILLER, Ohio
LAWRENCE COUGHLIN, Pennsylvania
C. W. BILL YOUNG, Florida
JACK F. KEMP, New York
RALPH REGULA, Ohio
GEORGE M. O'BRIEN, Illinois
VIRGINIA SMITH, Nebraska
ELDON RUDD, Arizona
CARL D. PURSELL, Michigan
MICKEY EDWARDS, Oklahoma
BOB LIVINGSTON, Louisiana
BILL GREEN, New York
TOM LOEFFLER, Texas
JERRY LEWIS, California
JOHN EDWARD PORTER, Illinois
HAROLD ROGERS, Kentucky
JOE SKEEN, New Mexico
FRANK R. WOLF, Virginia
BILL LOWERY, California

FREDERICK G. MOHRMAN, *Clerk and Staff Director*

TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR 1987

TUESDAY, MARCH 11, 1986.

GENERAL SERVICES ADMINISTRATION

AGENCYWIDE MATTERS

WITNESSES

TERENCE C. GOLDEN, ADMINISTRATOR
PAUL TRAUSE, DEPUTY ADMINISTRATOR
RAYMOND A. FONTAINE, COMPTROLLER
WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET
ALLIE B. LATIMER, GENERAL COUNSEL

Mr. ROYBAL. The Committee will come to order. The Committee is in session this morning to hear from the General Services Administration in regard to their budgetary request for 1987.

Will you please proceed, Mr. Golden, in any way you desire.

Mr. GOLDEN. Mr. Chairman, it is a pleasure for me to be here. This is the first time I have appeared before the Committee as Administrator of the General Services Administration, and I only hope I get treated as well as I was when representing Treasury.

With me today—some of whom you know already—are Paul Trause, Deputy Administrator of GSA; Ray Fontaine, the Comptroller; Bill Sullivan, Commissioner of the Public Buildings Service; Don Gray, Commissioner of the Federal Supply Service; Frank Carr, Commissioner of the Information Resources Management Service; Earl Jones, Commissioner of the Federal Property Resources Service; and Gary Kowalczyk, Associate Administrator for Policy Analysis.

With your permission, I would like to submit my formal statement for the record.

OPENING STATEMENT

Mr. ROYBAL. Without objection that will be ordered.

[Statement follows:]

OPENING STATEMENT, GENERAL SERVICES ADMINISTRATION BEFORE THE SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT

Mr. Chairman and Members of the Subcommittee:

I am pleased to appear today in support of the 1987 budget request for the General Services Administration.

This budget will enable GSA to carry out its mission as the central administrative policy unit for the federal government and the provider of centralized services where it is cost-effective. As this Committee is aware, GSA's activities include information resources management, supply services, public buildings management, property resources, and acquisition policy. In carrying out its mission, GSA is an integral part of the Administration's objective to manage government efficiently and economically.

To put our request in perspective, GSA's total obligations will be approximately $7.5 billion in 1987. We have proposed new budget authority of only $401.5 million, with most of our operations funded by customers through payments for goods and services procured under the agency's revolving funds, by rental payments for space occupied in GSA-controlled space, or by direct reimbursement for services.

This budget has several major objectives. First, we wish to streamline the Agency and reduce costs wherever possible.

Our request of $401.5 million in budget authority for 1987 represents a reduction of $12.4 million below the amounts appropriated for fiscal year 1986. Our projected employment for 1987 is 22,648; this represents a decrease of 2,771, or 11%, below comparable 1986 levels.

These reductions reflect our commitment to operate with fewer resources in the future. To accomplish these savings we will delegate and contract out support functions, consolidate and streamline our operations, and reduce overhead activities. Our savings reflect consolidation of finance and administrative operations, delegation of buildings management functions to agencies, consolidation of warehouses and supply centers within the federal supply system, consolidation of information resources management functions, and organizational streamlining throughout the Agency.

Within this reduced total, we have provided for certain critical increases. In addition to covering inflation, we have budgeted $5.9 million for new ADP and operating equipment to increase the responsiveness and capabilities of our paper-based supply system. These investments are necessary to ensure the development of a modern, efficient federal supply system. We have also increased the budget for Inspector General activities by $1 million to combat potential waste, fraud, and abuse. We are committed to strengthening audit and investigative capabilities within the Agency.

A second major objective of this budget is to strengthen efforts to meet basic health and safety requirements and to modernize federal buildings. Under the Federal Buildings Fund, we are requesting an increase of $112.2 million, or 45%, for major repairs and alterations. Significant increases are provided: (1) to remove what are commonly known as PCB transformers, as required by the Environmental Protection Agency; (2) to conduct high priority asbestos abatement projects; and (3) to meet various fire protection requirements. This Agency has no priority greater than providing a healthy and safe workplace for federal employees.

For the Federal Buildings Fund, we are requesting $2.4 billion in new obligational authority, or approval to spend available revenues. As the Committee knows, Federal Buildings Fund revenues come from billing agencies at commercially equivalent rates for the space they occupy--the well-known Standard Level User Charges, or SLUC. In 1987, we are making a number of improvements to the way that these rates are set, such as more closely mirroring private sector rental practices, increasing participation of tenant agencies in developing rates, and providing for long-term rental agreements. These changes will help eliminate major rate fluctuations from year to year and promote greater stability in the Fund's revenues.

We believe that the revenues in the Federal Buildings Fund are adequate for Fiscal Year 1987. Given the requirements placed upon the Fund, the Administration is opposed to any attempt to place arbitrary restrictions on the amount of available revenues. Our requirements include the health, safety, and modernization needs; the reality of expiring, long-term leases at favorable rates where we will now face higher market rates; the need to purchase buildings where appropriate as a prudent investment; and significant operational responsibilities, including the law enforcement activities of the Federal Protective Service.

A third objective of this budget is to reduce government space and to delegate operational responsibilities for buildings management to agencies. Reducing the amount of space is a high priority of the Administration. This initiative will achieve reductions in the budgets of agencies throughout the federal government. Our delegations program is designed to provide agencies with the authority and responsibility to manage their own facilities. We believe that this will produce better managed facilities.

A fourth objective is to undertake an aggressive program to dispose of real property declared excess by federal agencies. The budget reflects an estimated $578 million in receipts from the sale of these properties, and we will need the support of this Subcommittee and the Congress to accomplish that target.

A fifth objective of this budget is to modernize the government's telecommunications system. We have an ongoing effort to replace the current, obsolete Federal Telecommunications System with a modern system that will handle voice and data. We intend to rely heavily on the private sector to design and operate this system, thereby gaining the economies and efficiencies available in the private sector. We anticipate that the revenues available in the Federal Telecommunications Fund will be adequate to support this modernization effort in Fiscal Year 1987. Over the long-term, we anticipate significant savings which will reduce agencies' budget requirements.

Sixth, and finally, our budget reflects efforts to streamline the federal supply system. Our belief is that GSA should be involved as a direct supplier only where there are demonstrable cost advantages to doing so. We have an ongoing project, in cooperation with other federal agencies, to streamline the existing system.

Before closing, I would like to discuss the effects of 1986 reductions under the Balanced Budget and Emergency Deficit Control Act or, as it is called, Gramm-Rudman-Hollings. Under this Act, an amount of $17.9 million in budget authority has been sequestered for GSA's accounts. We will achieve these reductions by implementing organizational and cost saving initiatives like those proposed in the budget for 1987. In some cases, we will accelerate our streamlining efforts. We do not anticipate any major reductions-in-force solely to meet the targets in Gramm-Rudman-Hollings.

We will need the assistance of this Committee, however, in that we do not anticipate the savings to be accomplished in the arbitrarily uniform manner prescribed in the Act. Accordingly, we will be asking the Committee's approval to reprogram certain 1986 funds between programs and accounts. If this is approved, we will be able to minimize the impact on the organization and its employees. We will avoid large scale employee furloughs, although selective furloughs as a last resort may be required if reductions are not achieved through other planned activities.

Mr. Chairman, this concludes my opening remarks. I will be glad to answer any questions that the Subcommittee may have.

GENERAL SERVICES ADMINISTRATION BUDGET OVERVIEW

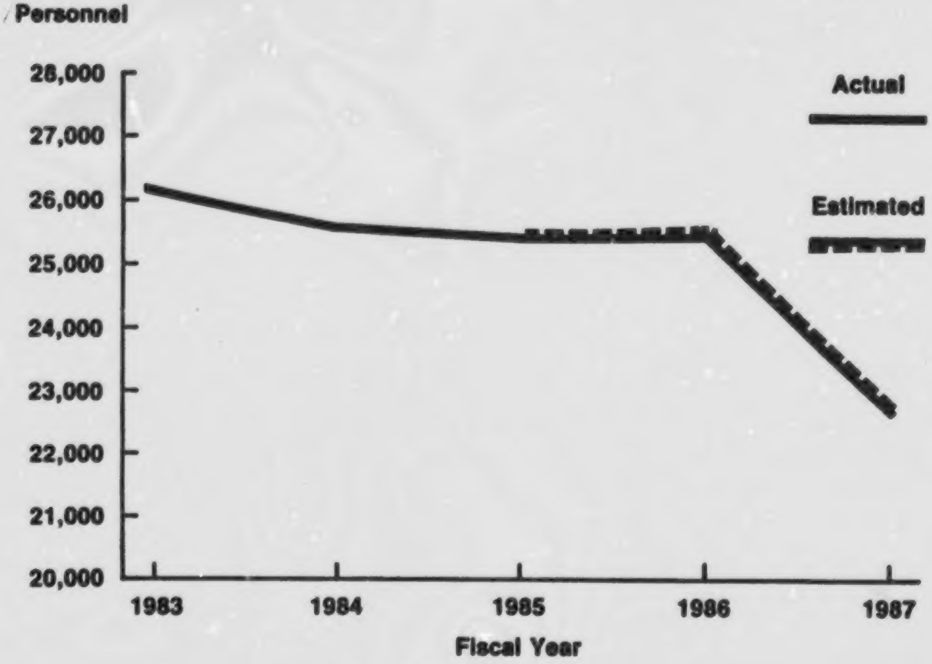
March 1986

8

Major Goals

1. STREAMLINE AGENCY
2. REDUCE SPACE UTILIZED BY THE FEDERAL GOVERNMENT
3. DEAL WITH CRITICAL SAFETY ISSUES IN FEDERAL BUILDINGS
4. MOVE TO OWNED SPACE WHERE ECONOMICAL
5. DELEGATE BUILDINGS MANAGEMENT TO AGENCIES
6. STREAMLINE FEDERAL SUPPLY SYSTEM
7. IMPROVE QUALITY OF MATERIAL PURCHASED BY THE FEDERAL SUPPLY SYSTEM
8. MODERNIZE GOVERNMENT'S TELECOMMUNICATIONS SYSTEM
9. REDUCE TIME REQUIRED TO ACQUIRE ADP SYSTEMS
10. INCREASE DISPOSAL OF SURPLUS FEDERAL PROPERTY

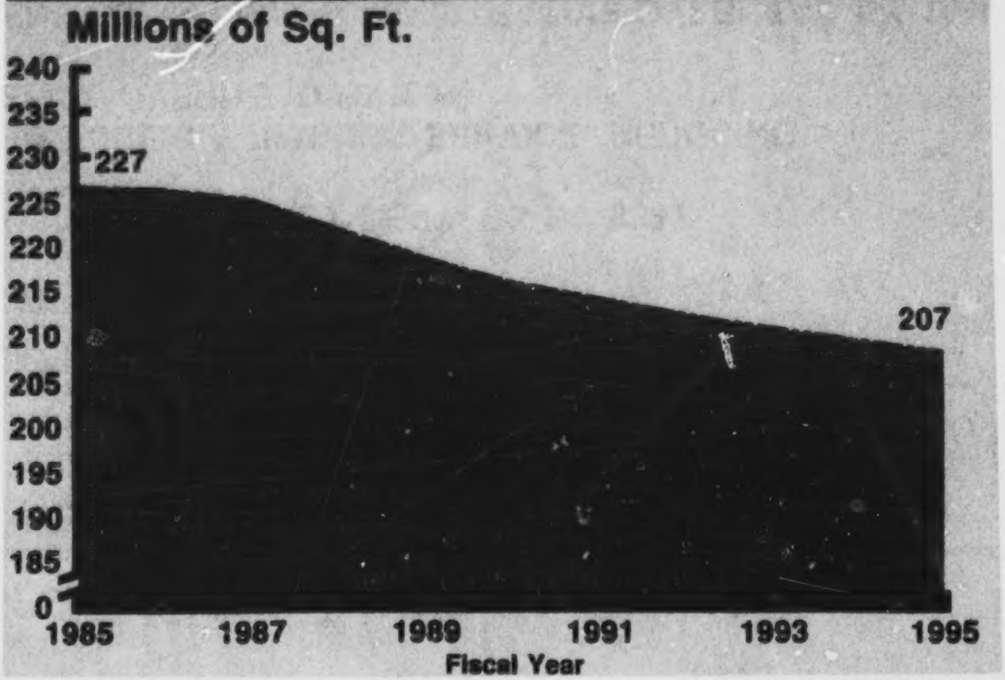
Staffing Reductions



Streamlining Actions Taken

- CONSOLIDATED TELECOMMUNICATIONS FROM 11 TO 5 ZONES
- CONSOLIDATED FINANCE FROM 5 TO 2 ZONES
- REDUCED SUPPLY DEPOTS BY 33%
- REDUCED CUSTOMER SUPPLY CENTERS BY 33%
- STREAMLINED PUBLIC BUILDINGS SERVICE, REDUCING CENTRAL OFFICE OVERHEAD BY 20%
- REDUCED CENTRAL OFFICE ADMINISTRATIVE OVERHEAD BY 10%

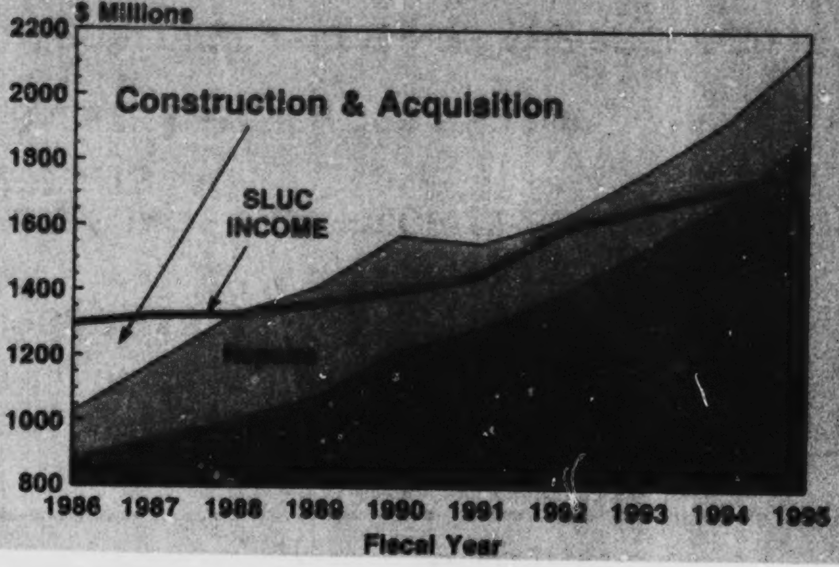
Impact of Space Utilization Improvements
20 Million Sq. Ft. Reduction in Leased Space



Address Critical Health and Safety Issues

- ESTABLISHED A 5 YEAR PLAN TO DEAL WITH GSA'S MOST CRITICAL SAFETY ISSUES
    1. REPLACE ALL PCB TRANSFORMERS REQUIRED BY EPA ($93 MILLION)
    2. REMOVE ASBESTOS IN 45 HIGH PRIORITY BUILDINGS TO MEET OSHA REQUIREMENTS
    3. REMOVE FIRE SAFETY DEFICIENCIES BY 1988
- PROJECTS ARE ON SCHEDULE AND FUNDS ARE PROVIDED IN FY 86–87 BUDGETS
- PROGRAM WILL SATISFY CONCERNS OF UNIONS, GOVERNMENT AGENCIES, AND HEALTH/SAFETY EXPERTS

Expenses vs. Income *
(Business as Usual)



Delegate Buildings Management to Agencies

- GOAL IS TO DELEGATE BUILDINGS MANAGEMENT TO AGENCIES BY END OF FY 1986
  (EXECUTIVE ORDER 12512)
- INVOLVES 3,400 LEASED FACILITIES (52 MILLION SQ. FT.) AND 200 OWNED FACILITIES (25 MILLION SQ. FT.)
  REPRESENTS 1/3 OF INVENTORY
- WILL RESULT IN:
  - BETTER MANAGED FACILITIES
  - GSA CONCENTRATING ON ASSET MANAGEMENT
  - REDUCTION IN GSA FIELD OFFICES (30%) AND POSITIONS (2,300)

Reform Federal Supply System

- STUDY IN PROGRESS TO RESTRUCTURE FEDERAL SUPPLY SYSTEM
- ACTIONS TAKEN TO DATE
  - CLOSED 33% OF DEPOTS AND SUPPLY CENTERS
  - DELEGATED PROCUREMENT OF SINGLE AGENCY ITEMS BACK TO AGENCY
  - REDUCED INVENTORIES IN DEPOTS BY 10%
  - REDUCED CONTRACTS UNDER SCHEDULE BY 500
  - ORDERED DIRECT DELIVERY OF LARGE QUANTITY ORDERS
- LONG-TERM GOALS
  - MAKE SYSTEM MORE RESPONSIVE TO AGENCIES' NEEDS AND REQUIREMENTS
  - GSA PROCURES SERVICES AND MATERIALS ONLY WHEN THERE ARE SIGNIFICANT SAVINGS

Modernize Telecommunications System

EXISTING SYSTEM	PROPOSED SYSTEM
ANALOG	DIGITAL
OUTDATED	STATE-OF-THE-ART
MAINLY VOICE	VOICE, DATA, VIDEO
MANAGED BY GSA	MANAGED BY PRIVATE INDUSTRY
SUBSTANTIAL CAPITAL INVESTMENT; COSTLY TO OPERATE	NO CAPITAL INVESTMENT; SERVICES PURCHASED AS NEEDED

STATUS:

- REVIEWING INDUSTRY/OMB/AGENCY COMMENTS ON PLAN
- AWARD FOR NEW SYSTEM IN EARLY 1987
- POTENTIAL GOVERNMENTWIDE SAVINGS: $100,000,000 PER YEAR

Reduce Time Required for Acquiring ADP Systems

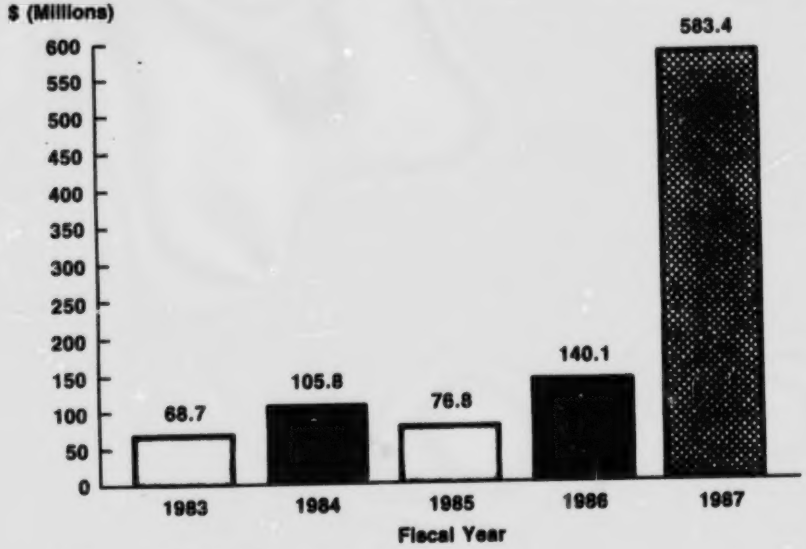
- CURRENT ADP PROCESS—FROM CONCEPTION OF PLAN TO INSTALLATION OF EQUIPMENT—TAKES ABOUT 3–8 YEARS.

- GOAL IS TO REDUCE THIS PROCESS SIGNIFICANTLY. ADDITIONAL GOAL IS TO REDUCE THE ACQUISITION TIME TO 12–18 MONTHS.

- PILOT PROJECTS HAVE BEEN INITIATED WITH NAVY, HHS, NASA, AGRICULTURE.
    - WILL CONDUCT PARALLEL FINANCIAL AND SYSTEMS REVIEWS WITHIN AGENCIES AND WITH EXTERNAL REVIEWERS (GSA AND OMB).
    - RESULTS ANTICIPATED IN 1987 AND 1988.

Disposal Sales Program

(Annual Receipts)



(FY 86 and 87 are projections.)

Congressional presentation

Mr. **Golden**. I have here a group of charts that you also have in front of you. You may wish to go through yours as I go through mine.

GOALS AND OBJECTIVES

When I came to GSA six months ago, I gave a high priority to establishing goals and objectives for GSA. This was a process where we worked with the senior career persons and political appointees within the Agency and have established ten goals and objectives as being the major priorities as far as the Agency is concerned.

What I would like to do with the following charts is to briefly go through some of these goals and objectives and discuss them with you.

The number one priority overall was to streamline the Agency. I believe that is clearly reflected in our 1987 budget. We will go from a staffing level of about 25,400 people to 22,600 people during fiscal year 1987.

Our budget for FY 1987 in the aggregate is $401.4 million. This compares favorably to the 1986 budget of $413.8 million. And that is the pre-Gramm-Rudman number, so that the other Gramm-Rudman number would be $396.0 million. So I think you can see that overall, as far as the budget level is concerned, we are at a stable budget. We have not grown any from 1986. From a staffing point of view, we are making a significant reduction.

In order to accomplish this, we have had to do a number of streamlining actions within the Agency. Those are briefly summarized on the next table. We have consolidated our telecommunications operations from eleven to five zones. We have consolidated our financial operations from five to two zones. We have reduced the number of supply depots and customer's supply centers by 33 percent.

In general, we have gone through our organization program by program and endeavored to reduce the amount of overhead both in the central office, which was a high priority, as well as in the regional operations.

My sense of it—and I say this confidently—is that I believe we can provide the same level of services with the reduced FTE as we are currently providing.

One of the other major priorities—and this is within the Public Buildings Service—has been to reduce the amount of square footage for space in government. We project that we can save by 1990 20 million square feet as a result of reducing the square footage per employee from 160 square feet to 135 square feet, also with a reduction of 10 percent in the Federal work force. That 20 million square foot savings represents about twice the amount of space that exists in downtown Minneapolis. So we really do have the potential of making some significant reductions overall if we are successful.

One of the other major issues that we have within the Public Buildings Service which I felt needed to be dealt with is the area of repairs and alterations work. Our public buildings are now anywhere from 35 to 40 years old on average. A lot of them need major work to bring them up to current standards. The Pentagon and the buildings in the Federal Triangle are prime examples of buildings that are over 40 years old and in need of major repairs and renovation.

In addition, we have major health and safety issues to deal with, including the replacement of all PCB transformers; removing asbestos in buildings where we have identified problems; and third, making fire safety enhancements in our buildings. Most fire safety enhancements are sprinkler installation projects.

We calculated a budget requirement over the next few years of roughly $650 million in health and safety-related issues. We have requested an increase in our repairs and alterations budget to accomplish this work. This is the first major year for construction funding of that overall program.

I might add, also, there is one other major safety issue that is not a budgetary safety issue but probably will yield more in terms of providing our work force with a good environment, and that is to change the smoking regulations within our buildings. I visited with the Surgeon General the other day and he indicated to me that for the passive smoker, if a smoker is in the room smoking two packs a day, the non-smoker is inhaling the equivalent of three cigarettes a day.

We have in this country over 5,000 lung cancer deaths a year from passive smoking. One of our efforts to improve the health and safety of our building occupants will be to provide a smoke-free environment and to have specified areas where people can smoke within the building.

I also would like to talk briefly about our Federal Buildings Fund, which is a major concern during the period of Gramm-Rudman. This chart shows a deficit of the Federal Buildings Fund. The rent amount on the chart is the rent that GSA actually pays for properties that are leased. Approximately 50 percent of the Federal employees are currently housed in leased space.

Rental costs increase from roughly $900 million to close to $2 billion over the ten-year period. This is assuming that rents will increase from this point forward as a result of inflation. The problem is that we entered into so many leases in the 1970s and early 1980s, during periods of high inflation.

As an example, the EPA building here in Washington, D.C., a million square feet, we are currently paying roughly $7.50 a foot per year for that space. When that lease comes up for renewal, we will likely have to pay something on the order of $28 to $35 per square foot. There will be a dramatic impact on our rental cost. The problem that we have is that rents, despite our best efforts, are going to increase significantly above current inflation trends.

I have already indicated to you that we have major issues that we need to deal with as they relate to repairs in our buildings. We have a current inventory of approximately $2 billion of fire, safety, and major modernization efforts in our buildings. What you see depicted here in blue on this chart are the incremental repairs we will undertake in order to deal with the fire and safety issues.

The problem that we have is the maintenance of our rental income. The chart assumes that the income we receive as rent from the various Federal agencies increases roughly at the rate of inflation.

The concern I have today is the fact that we have heard indications from some of the appropriations subcommittees that they would like to reduce or freeze our income. If they do that, as you can see very clearly, it will put our Federal Buildings Fund in dire straits.

We are also in the process of delegating building management to occupying agencies, particularly in the cases where we have an agency that is the sole tenant of a particular building. This is a continuation of a very successful pilot program that we are currently doing in Washington, D.C.

Several years ago we had the Departments of Commerce, Justice, Transportation and Labor take over management of their headquarters buildings. This involves the day-to-day maintenance, janitorial service, minor repairs and alterations, and matters of that sort. That program is very successful. The responsiveness of the building management to the needs of the tenants improved. I think overall it was a better managed situation.

I had a recent experience in Chicago where I talked to somebody from the Social Security Administration. They told me about a building that they occupied in Zanesville, a small 4,000 foot office. When they had a problem and wanted to talk to the landlord, they had to deal with GSA, which was located in Indianapolis. Then GSA called the landlord, who was on the floor above SSA in Zanesville.

It seems to me in those situations where we can, the agency using the building should deal directly with the landlord. Overall, it should improve the efficiency and quality of our buildings as a result.

Switching now to the Federal Supply Service, we have a number of major things going on within the supply system. Let me first talk about some of the short-term actions that we have taken to improve their situation. We have closed a number of depots and customer supply centers, a decrease of approximately 33 percent. I think from an efficiency point of view we will continue to be able to provide services.

We have delegated procurement of single agency items back to the agencies. We are reducing the inventories by 10 percent, and we are reducing the number of contracts as these are contracts that really have not been utilized.

All of these are efforts over the short term to improve the efficiency and reduce the cost within the supply system. Over the long term, we are in the process of doing a major study of the Federal Supply Service. The philosophy behind the study is a very simple one, and that is to determine where an agency can buy items cheaper and more efficiently by purchasing direct, we are going to have that agency take those actions.

Where we can clearly establish that as a result of the aggregating the needs of all of the agencies that we are doing business with, that we can get a significant discount and get a good bulk buy, then we are going to aggressively pursue that business and have GSA, through the supply system, take those actions.

I have discovered that we have a tremendous amount of business where we are purchasing for a single agency. Let me identify one in particular, the Department of Defense. We are currently buying special sealants and lubricants and spare parts for aircraft for the Department of Defense. They are our only customer for these items.

In essence, what is happening is the Department of Defense is dealing with GSA, then GSA is dealing with the vendor. I would wager there are as many people within the Department of Defense dealing with GSA as GSA has dealing with the vendor. To me, from an efficiency point of view, it would make more sense for the Department of Defense to deal directly with the vendor and have GSA out of that business.

We are also discovering that there are a number of efficiencies that we can add to our depot system such as improving the computerization of our inventories and having people direct ship items rather than having them handled and processed through our depots. As an example, we buy paints, which is a major fire hazard within our depots, and ship them by the pallet load. It would be easier to call our paint suppliers and have them ship directly to the agencies that need the paint, so I think there are a number of efficiencies that are going to occur. I think we are going to have a much stronger Federal Supply Service, and we have made some significant steps in that regard.

Shifting to the Information Resources Management Service, we have another proposal, and that is to modernize our telecommunications system. This represents a big step forward as far as the Federal Government is concerned. The existing long-distance system, which we refer to as FTS, is really past its prime. We are not getting good pricing on the system. What is more, probably the biggest problem that we have with it is that the system is an analog system and cannot handle high speed data. It has been projected that by 1993 over 50 percent of our long-distance communications will be data transmissions as opposed to voice transmission. The system is outdated and we want to replace it.

I think the proposed system, FTS 2000, is symbolic of what the President is trying to achieve. Number one, it will be digital, state of the art, and handle voice, and more importantly, handle data and video communications, as well. So it will be a first-class system.

Second, rather than having the Federal Government own and manage the system, the intent is to have that business contracted out to the private sector. There are currently five or six major suppliers that are in a position to provide those services. Because of the tremendous over-capacity within the industry, we think by bidding out our business we will get some significant discounts.

It is a system that is being managed by private industry, it does not require capital investment, and we are purchasing services as needed.

We are going to achieve an estimated savings of over $100 million per year out of the voice side of it alone. Aggregating our data needs should also achieve similar savings. We expect the vendor to obtain savings by direct connection, similar to bypass through the Bell Operating Companies, or through volume discounts.

Also within the Information Resource Management Service, we have a major program underway to reduce the amount of time required to purchase ADP systems. Currently it has taken anywhere from three years to eight years to acquire a major ADP system in Government. There are a lot of reasons for that. The net effect is that many times when we are purchasing hardware, because of the time it takes us to actually acquire the system, we are already one generation behind in terms of technology when a computer is delivered to the computer room operations.

What we want to do is work with maybe HHS, NASA, Agriculture, and Commerce on some pilot programs that will dramatically reduce the amount of time it takes to procure computer systems within the Government. We think we will have some significant savings associated with this as well.

Finally, an area where we might get some needed support from this Committee is our very aggressive real property disposal sales program. We are projecting that in fiscal year 1987, we will produce revenues of some $583 million to help reduce the deficit.

I think all of us recognize that this disposal problem is one in which we need cooperative help between OMB and ourselves and other agencies to identify properties. Then we need some aggressive support here in Congress to get the approval of the various Committees to release that property for disposal. I think this is not only a step that will improve our deficit picture, but I think it represents good asset management as well.

There are many assets within the Federal Government that are grossly underutilized or unneeded and we need to move forward with this program as quickly as possible.

That briefly summarizes where we are. I would be happy to answer any questions you might have on these issues or others.

Mr. ROYBAL. Mr. Golden, I see from your budget that you are requesting an increase over 1986. Is that because you need this money to achieve the savings that you have described?

Mr. GOLDEN. I think it is a combination of things, but I would briefly suggest that it includes in terms of dollar amounts on the additional non-inflationary increases, which alone represented $11 million. So that in order to justify the program increases, systems that we need and the like, we have had to take actions to reduce costs in other areas.

So the request that we are talking about with you today represents only a slight increase in the adjusted Gramm-Rudman numbers, going from $396 million to $401 million, and that is substantially less than what the inflationary increases were. We have only been able to accommodate that as a result of significant reductions in other areas.

Mr. ROYBAL. Can we go back to your chart on expenses versus income?

Mr. GOLDEN. Yes, certainly.

Mr. ROYBAL. I think you told the Committee that within the next two to three years rent would decrease; is that correct?

Mr. GOLDEN. No, sir. The actual amount of space being utilized by the Federal Government is going to decline in terms of square footage. The problem that we have is that 75 percent of our leases—again, remember that 50 percent of our people are in leased space—75 percent of those leases come up for renewal over the next five years.

Many of those leases are 15 and 20 years old. When they come up for renewal, they are going to double and triple the current rate.

Mr. Roybal. Of all those things leased now with 75 percent coming up for renewal, that will ultimately result in a reduced dollar amount in the rent?

Mr. Golden. No, sir. We are going to increase from $900 million to $2 billion. That is partially a result of the fact that our leases lag inflation. We entered into many leases in the 1970s. When those leases are renewed, despite the fact that inflation is much lower today, the renewal rate will recognize all of that inflation that occurred in the late '70s and early '80s.

Mr. Roybal. Although the chart showed an increase, I thought you said it was going to decrease.

Mr. Golden. I was referring to decreasing the amount of square footage that the Government would be utilizing. The actual rent budget itself will increase because of inflationary factors.

Mr. Roybal. It will still be to the Government's advantage to construct buildings wherever they are needed?

Mr. Golden. Well, I think that the answer to that is yes, purchase or construct. In fact, we have included $100 million this year in the FY 1987 budget for building purchase or new construction. I think that in many circumstances it is cheaper to own than it is to lease, and I think that a hundred million dollars is a step forward in that direction. There are some circumstances where leasing is cheaper or more practical than ownership

Mr. Roybal. What response have you gotten from other agencies with regard to improvements that you are making in determining SLUC rates?

Mr. Golden. Well, you know, I think that everybody has frustrations. When we try to increase SLUC, I think people have difficulty understanding why the costs are increasing. Many of them do not see the budget that this committee sees.

Let us say that someone in an Agriculture building that is Government owned whose building has not changed from year to year, questions the need to increase SLUC on that particular building. But what they do not realize is that in addition to day-to-day operations, we have major repairs and alterations that are required to deal with fire safety issues and also modernization efforts within the building itself.

Mr. Roybal. Do the repairs that you show on that chart include repairs that are made for correcting health and safety hazards? How high a priority is such hazard abatement?

Mr. Golden. Primarily the increase in the repairs and alteration budget that we are requesting reflects required increases to meet critical fire and safety related issues, specifically asbestos, PCB transformers, and installation of fire sprinklers. They do not include sizable amounts of funds required for major modernization efforts.

We currently have approximately $600 million of safety and health work scheduled over the next few years. This is one of our highest priority programs, and we will be devoting additional resources to this area in FY 1987 to accelerate the accomplishment of the work. Approximately $286 million has been identified for priority asbestos projects for fiscal years 1986–1990.

Mr. ROYBAL. What is your overall backlog in repairs and alterations, and how do those break down by category—such as safety, health, renovation, routine repairs, space reconfiguration, etc.?

Mr. GOLDEN. Our current inventory of repair and alteration work scheduled for accomplishment over the next five years is approximately $2.0 billion. We will provide a breakdown of this inventory by category for the record.

[The information follows:]

Inventory by category

Basic repairs	$920,279,000
Improvements to space	366,984,000
Fire and Life Safety	587,528,000
Handicapped	7,008,000
Environmental	75,760,000
Energy	42,090,000

LEASING PROGRAM

Mr. ROYBAL. What is the current status of the leasing program?

Mr. GOLDEN. GSA is undertaking several leasing initiatives in order to reduce the amount of leased space as well as minimize leasing costs.

First, under our space reduction program, we are working with our tenant agencies to improve overall utilization rates in both Government-owned and leased office space. We will backfill into Government-owned space from leased space as additional owned space is vacated.

Second, we are developing a computerized model which will assist in identifying lease consolidation opportunities in major cities nationwide. The model will also consider advantages to be gained by leasing outside of Central Business Districts when agency mission performance and employee conveniences (e.g., public transportation) are not impaired. We are currently conducting a lease consolidation pilot study in the National Capital Region.

Third, we are making every effort to make new office space assignments at a utilization rate of no more than 135 square feet per person.

Mr. ROYBAL. How many buildings are owned versus the number leased?

Mr. GOLDEN. There are 2,270 Government-owned buildings in the GSA inventory versus 4,515 leased buildings.

Mr. ROYBAL. What have been your efforts to own rather than lease office space?

Mr. GOLDEN. Our major initiative in this area is the Building Purchase Program. We have prioritized communities nationwide in order to target those cities where we will receive the greatest own versus lease savings.

Prior to fiscal year 1986, we have purchased approximately 855,000 square feet of space in Washington, DC; and Austin and Dallas, Texas.

In fiscal year 1986, we expect to purchase an additional 500,000 square feet.

Mr. **Roybal.** Now, what do you see as the long-term solution to the revenue and expenditure problems in the Federal Buildings Fund?

Mr. **Golden.** Well, I think over the long-term—and this is moderated by where we stand today with Gramm-Rudman-Hollings, but I think a good building acquisition program makes sense. Over the long-term where you are assured that the Federal Government is going to occupy this space for 30 or 40 years, we are better off owning the buildings.

There are some cases where that perhaps is not true. But that would be the general direction in which I would recommend that we move. I also recognize the problems we have dealing with the deficit and the constraints we have on our budget.

REPROGRAMMING

Mr. **Roybal.** In your letter of March 5, you request reprogramming authority. Would you summarize for the Committee what you plan to do.

Mr. **Golden.** We need to have total reductions of some $17.9 million in order to achieve our Gramm-Rudman required reduction. One area where we had some difficulty in accomplishing that and where we needed some help overall, was in the Federal Supply Service.

The big problem that we have in the Federal Supply Service is the fact that it is almost all salaries and related expenses. In order to accomplish the reductions within the time period and given the constraints we had, and the fact that even RIFs would not have helped us out in that circumstance, we needed additional funds from other accounts in order to offset the problems there.

Also, I had made a commitment within GSA to take whatever actions I possibly could to strengthen the Inspector General function within GSA. We have asked for an increase of some $190,000 to accomplish this because we are committed to aggressively attack waste, fraud, and abuse within Government. Those are the two major areas where funds are required.

In other areas where we thought we could free up some money, we made adjustments in those accounts to provide the funds necessary for the two areas that I have identified.

FURLOUGHS

Mr. **Roybal.** What worried me about your letter was that you said something to the effect that employee furloughs could be needed.

Mr. **Golden.** Let me provide that clarification if I could. Within the Federal Supply Service there is one account that even with the adjustments that we are talking about, even by reprogramming some $1.4 million, there is a possibility at the end of the year that we will not quite make it, and it may require a two to three day furlough.

We are hopeful that if we are successful with our program and if Don Gray and the team at the Federal Supply Service are able to reduce their expenditures, their discretionary expenditures over the next four to five months, that that might not be required. But it is a possibility at this time.

Mr. ROYBAL. Mr. Skeen.

HEALTH AND SAFETY

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. Golden, I want to compliment you on the presentation. It was very well done. I appreciate your efforts.

Let us go back to the health and safety issues asbestos removal. You have 45 high priority buildings involved in that process now. Does OSHA oversee the removal and whether the contracts are made in removing this asbestos?

Mr. GOLDEN. If I could say on these particular projects we operate within the OSHA guidelines as to how to handle this. We have an obligation to get the work contracted for. And within that constraint, we have an obligation to make sure that the contractors are abiding by Federal regulations.

Mr. SKEEN. I have been reading articles about asbestos removal in buildings under state auspices and under the Federal Government. We have got a real mess going on because we are causing as many problems as we are trying to deal with.

Mr. GOLDEN. I would have to say GSA in combination with NIOSH and OSHA and other Federal agencies are monitoring the situation very carefully. We do have some challenges in industry trying to get it removed.

We have had problems getting architects who are insured to do design work related to the removal of asbestos. We have problems with contractors, finding contractors who are qualified and even insured to actually do the removal work.

LIABILITY INSURANCE

Mr. SKEEN. That brings up another question. How has the liability insurance crisis affected GSA?

Mr. GOLDEN. Our sense is that problem is improving. It is going to slow the program up somewhat, but we will be able to identify both architects and contractors to get the work done. It is going to be extremely expensive and it is already causing delays.

Mr. SKEEN. GSA has not entered any insurance or liability sharing program to try to overcome some of these problems?

Mr. GOLDEN. We have not at this point. And our sense is that the private sector, because there is such a tremendous volume in this area, when you consider the Federal buildings, all of the school systems in the private sector, the number of buildings that were built with asbestos, there is such a volume of work that the industry and the insurance industry will surely reach some accommodation in this particular area.

Mr. SKEEN. GSA controls almost all of the Federal structures as far as buildings and supply is concerned. It is interesting to see that there is some reversal in that policy. More often, agencies are managing their own buildings. Do you find this more efficient?

Mr. GOLDEN. Yes, sir. Our goal is to be involved in operations only when it is clear that we are in a position to do the best job in that particular area.

I will give you an example, the IRS Service Centers. I think many of you have been to their Service Centers. The person who is the manager of the Service Center is also responsible for the maintenance and operation of that building. When he has a problem, rather than dealing with an absentee landlord, GSA, he can deal with his own employees and his own contractors. If he is dissatisfied, he can get a quicker response.

Overall not only does it save money, but it improves the quality of the building and provides a much better work environment for the Federal employee.

Mr. SKEEN. The only part that bothers me is how are the agencies training people to handle the housekeeping work that you folks have been doing?

Mr. GOLDEN. Most of the work is being done by contract anyway.

Mr. SKEEN. Even through GSA?

Mr. GOLDEN. Even through GSA. GSA will retain responsibility for what I would consider to be the critical items. That is that if you have a major alteration, problems with your HVAC system or roof or costly repairs where you need our expertise, GSA will be doing that work. But for the ongoing operation, such as keeping the floors swept and routine maintenance, that is contracted out. And my sense of it is that the people who are in the building can monitor it better and they can handle those contracts. It is not that complicated.

Mr. SKEEN. All you are doing is taking it out of the contract operations?

Mr. GOLDEN. Supervision on a day-to-day contract, not having a GSA person come and look, but have someone who is directly accountable to the tenant agency. I think the experience we have had with delegating buildings management to Agriculture, HUD, and the Department of Commerce have been overwhelmingly positive. They feel much better about having control of the buildings. And I think because they live in them, they do a better job.

Mr. SKEEN. We had one witness here from Treasury the other day talking about their building, which is very old. And they are directly responsible for their own?

Mr. GOLDEN. That is correct. Treasury is a unique situation. Having been the person responsible at one time for that, I can say as a result of being in that building, you give it a lot more tender loving care and are more concerned about it than I think you would if you were running 10 or 15 other buildings at the same time.

Mr. SKEEN. I was a little concerned because they let the air conditioning system go without maintenance for 15 years.

Mr. GOLDEN. A fundamental problem within the Federal Government is that we are not making the alterations and maintenance that are required to keep the buildings in a safe, operational condition. We understand the challenges facing us because of the deficit and current year outlays, but at some point we have to pay to do the necessary things.

Mr. SKEEN. I believe that it's costing the government more money in the long run when no property maintenance program is operated.

Mr. GOLDEN. We are getting very organized in trying to do scheduled maintenance. But there are the issues like repairing roofs and elevator and other major systems. For example, take a look at the Pentagon. That building was built during the Second World War and has not had any overall major modernization efforts up to this time.

FEDERAL TELECOMMUNICATIONS SYSTEM

Mr. SKEEN. I was very interested in the statement you made about bypassing Bell facilities with a direct system. What you are saying then is a transmission system of its own for FTS or FTS 2000?

Mr. GOLDEN. Not for all cases. However, when you look at the total cost of long-distance communications for large Federal buildings, a third of the cost is access into AT&T long lines. A third of it is the cost of the long-distance portion of the communication. A third is the exit from the system, in other words, going through the local Bell at the point you are trying to reach.

What can be done and what might make sense in some of our major buildings is to have a microwave system or something equivalent where you beam right into the long distance company that is involved, and do the same thing at the other end.

Mr. SKEEN. Bypass on the local clutter?

Mr. GOLDEN. That is right. There is potential for significant savings, and improved efficiency overall.

Mr. SKEEN. I hope so. I sure would not want to see FTS stay in the same position it is now. Because it is a lousy system.

Mr. GOLDEN. We agree. And I think we have a program that will get us from where we are to having one of the most modern systems in the country.

PROPERTY DISPOSAL

Mr. SKEEN. What is the conversation that goes on between OMB and your Agency as far as disposal? Are they supportive?

Mr. GOLDEN. I think I have to be very complimentary to OMB, particularly this year and particularly for the interest that has been shown by Jim Miller personally in the disposal program. Before we got to the disposal budget process for 1987, we sat down with OMB and came up with a list of properties. They reviewed them, and we reached agreement on them. It was included in the OMB allowance letters to the various agencies.

During the appeal process of their budgets, those items were appealed to the extent that the agencies had wanted to appeal. So OMB heard many of the agencies positions as they related to specific disposal issues.

My sense of it now is that we have a list of properties that will enable us to accomplish our objectives. The agencies are aware of it. They understand OMB is supportive of it. The Executive Branch is working as a team to get this accomplished.

Mr. SKEEN. GSA and OMB have worked out this list in concert?

Mr. **Golden**. Yes, I think we have received a tremendous amount of support.

Mr. **Skeen**. We would like to support you. It gets to be very political.

Mr. **Golden**. I think that is where we could use help. As soon as disposals get to Congress, each Congressman or Senator does his own thing.

Mr. **Skeen**. Thank you.

Mr. **Roybal**. Mr. Hoyer.

Mr. **Hoyer**. I want to again reiterate how enthusiastic I am, Mr. Chairman, about the Administrator of GSA. I have had an opportunity to work closely with him since he came to the Treasury Department, and I have found him to be one of the most forthright public servants.

I am pleased you are at GSA. I think you are going to do an excellent job.

Back to the substance of our questions, disposal sales program that I had not intended to get into first, has that $583.4 million been factored into the budget? And is that part of the $144 billion deficit?

Mr. **Golden**. Yes, it is. It goes through a circuitous route, but it is there. And it does have an impact on the deficit.

Mr. **Hoyer**. I notice you go back to 1983. And you have 68.7 and 76.8. 1986 obviously is a projected figure of 140.1. Terry, honestly, are you familiar with what the Property Review Board, in the White House that I fought with from time to time estimated as to what their receipts were going to be?

Mr. **Golden**. They were in the billions of dollars. I think those estimates, given today's environment and the realism of what happens, were probably a little unrealistic overall.

Mr. **Hoyer**. They were not "probably." You are being very kind. I do not know the figure off the top of my head but I will bet you that the 1983 figure was a factor of 10 at least. So they made 10 percent. Would that be correct?

Mr. **Golden**. I do not remember. But the results were significantly less than what had been estimated.

Mr. **Hoyer**. I see this chart, and I think to myself that maybe I ought to call up Bill Gray and tell him add another $400 million on to the underestimation of the deficit. Because as good as you are, that is a tough process. Because you have 535 members who are very concerned every time you want to sell something in their district. It is a slow process. Do you think your estimate is realistic?

Mr. **Golden**. I think it is a challenge at this time. I cannot say that it is realistic or unrealistic. My sense is we are probably off to a much better start than we ever have been in the past. Even before we dealt with the Congressional-related issues, we had tremendous problems in the Administration making decisions where GSA on its own, would challenge a particular property, and the Agency would appeal to the President or take some action of that sort.

I really do feel for the first time—Earl Jones, who is here today and will be testifying, you should ask him the same question—that we are off to a much better start. We have a much better understanding of what we want to do. We have an agreement with OMB to do it. The agencies have already appealed their various projects. We have a much better sense of where we are going.

Whether we are able to achieve it, depends a lot on whether we have a changed mood in Congress. Congress must recognize that if they do not do it in this area they are going to have to do it in another. A lot of it depends on how well we do with Congress.

I think we can deliver the properties to the Hill and have full support within the Administration.

Mr. HOYER. We are going to do our markup, I suppose, Mr. Chairman, some time in May I presume. I would think the end of April will be, what, seven, eight months into the fiscal year? I would be very interested in seeing the 1986 realized figure.

Mr. GOLDEN. We would be happy to get back to you with some figures at that time.

Mr. HOYER. As it relates to your $140 million projected income on that.

Mr. GOLDEN. We would be happy to provide the figures on the 1986 disposal of properties.

EMPLOYEE REDUCTIONS

Mr. HOYER. Let me ask you some questions about your budget. It says, average employment, 25,419, savings from contracting out/delegating support function 1942. I presume that was '86 reduction of the built in? You are now piggybacking on that additionally; am I correct?

Mr. GOLDEN. Yes.

Mr. HOYER. So that now there is an additional 872 reduction?

Mr. GOLDEN. If I could explain it, the basic reduction we are talking about is a little over 2,700 employees between 1986 and 1987. I will highlight what those are; consolidating our depots and supply operations within the Federal Supply Service, we yield savings of 260 positions; and contracting out cleaning and maintenance of buildings, another 600 positions.

A-76 PROCESS

Mr. HOYER. Let me stop you at that point if I can without haranguing you about contracting out, which the Federal employees are very concerned about, as you know. After you did a study, which I think has some credibility, which says in the short-term you can project savings in contracting out, and the reason you can do that is because the bid process comes in, obviously the contractor has got to come in below you or you could not meet A-76 guidelines.

However, what happens, because the Federal employees have been so severely retarded in their pay increases dramatically over the last eight years, pre-dating this Administration, and the private sector has escalated substantially above the Federal levels, is that the costs escalate very rapidly in the out years beyond what they otherwise have been if you kept them in-house.

I think without having you comment on that, you ought to look at that. Because I think there is a lot of credibility in what that says. And I think if it is credible and if there is merit to that, that may affect whether that savings is long-term savings or short-term savings affected by the bid process.

Mr. GOLDEN. I will look into that. The A-76 process has really paid some dividends as far as GSA is concerned. We currently have several depots that are in the process of going through an A-76 review. I will not mention the figures because they are not completed yet.

But as a result of this review, in essence the Federal bid represents a substantial reduction in staffing to accomplish the same objectives. And I think on the basis of this our Federal employees feel like they are going to be competitive and within that particular situation. But I think the process itself has resulted in some substantial savings to GSA.

And we are hopeful that given the enthusiasm our own employees feel, that they will succeed in this particular case. But the process itself has helped the Agency.

FURLOUGHS

Mr. HOYER. You might look at that long-term.

Now, will that reduction of 2700 result in any RIFs? We talked about the furloughs in response to the Chairman's question.

Mr. GOLDEN. We are trying, to the extent that we can, to avoid risk. That might require and involve early outs. It will also involve placement of our employees in other agencies to the extent that positions are available. We have had a hiring freeze. When we have a slot that is open in another area, we give a high priority to placing an affected employee first in that position.

We try to keep every employee that we can as a result of that. We are also embarking on a counseling program to help people find jobs in the Federal Government and find jobs elsewhere as well. We are trying to do in every way we can to minimize the amount of RIFs.

Mr. HOYER. What is the FTE level today?

Mr. GOLDEN. I think what we show at the beginning of the year is 25,399.

I would say though, to set the record straight, there probably will be RIFs in certain areas within GSA. I have no doubt about that. That is particularly true where we are closing down a depot or customer supply center.

PENTAGON PARKING

Mr. WOLF. I just want to welcome you to this committee. From all I can see, you are really doing a fine job at GSA and I want to welcome you. Can you give me some information on and the status of the study to develop a Pentagon office complex?

Mr. GOLDEN. I know that the GSA and Department of Defense are working to set up a master plan for the Pentagon area. I also know that within the Pentagon budget, funds are included for the expansion of office space within the Pentagon complex. We are working with them on the master plan and coordinating all future construction activity.

Mr. **Wolf**. I think, Terry, what they are asking for is two and a half million dollars to tear up the parking lot now before you have made a decision as to what you are going to do there. I was wondering if that is not a little premature to ask for it in this year.

Mr. **Golden**. I will look into that and get back to you in very short order on that particular situation.

Mr. **Wolf**. Do you know if there have been any studies on this request with regard to environmental assessment?

Mr. **Golden**. I know as it relates to the master planning there have been studies done. It is our intent to be involved in the master plan, which will involve a more detailed analysis of the traffic and environmental impact.

Mr. **Wolf**. The timeframe for the master plan, what is that?

Mr. **Golden**. We are in the process now of getting that underway.

Mr. **Wolf**. What I am a little concerned about, if you can look at it, Terry, they are looking for $2.5 million to tear up the South parking lot. Now they have not made a decision what they are going to do. They are taking 3600 parking spots away. If you can look at that.

Mr. **Golden**. I'll be happy to supply additional information for the record.

[The information follows:]

The Department of Defense (DOD) has requested $2.5 million in their FY 1987 budget to begin site preparation involving subsurface and above grade topographic investigations in selected areas of the site where proposed construction would take place.

The initial work will include soil borings, laboratory testing and analysis, and topographic surveys. Any excavation or demolition would be limited to that necessary to perform adequate site investigation work.

No actual construction of permanent facilities can begin until sufficient design work has been completed and approved. Funds for design ($22.5 million) have not as yet been made available to DOD.

CHILD CARE CENTERS

Mr. **Wolf**. The other question, as part of the CR last year, this Committee permitted development of child care facilities for Federal employees. Do you have any status on those facilities?

Mr. **Golden**. I can give you the situation as it relates to child care. First of all, the one thing I would like to say is that we are very supportive. The laws are there. You know, there are times when agencies are not necessarily supportive of what is in the law although they abide by them. We are very supportive of the issue of child care.

We have talked to Connie Horner at OPM, and we are working on this jointly. We recognize that the Federal family today typically includes both spouses working and that there is an importance to having child care facilities in Federal buildings or nearby. We are trying to be a positive force and influence in getting that done.

Currently there are eight child care centers in GSA-controlled space. We are working with OPM and other agencies to facilitate using their space for child care facilities. In fact, when our new Boston building is completed this spring it will have a child care facility in it. So we are moving forward with that program.

Mr. Wolf. Based on the law passed in December have any new groups contacted you, organizations, with regard to that?

Mr. Golden. Yes, and I will have to give you more details as to how many. We have had a lot of interest in that and are following up on those. We will supply a list for the record.

Mr. Wolf. If you could do that, I would appreciate it. And also if you can get back to me as quickly as you can on that Pentagon parking study.

[The list follows:]

As a result of the language contained in the FY 1986 Continuing Resolution the following Federal agencies have contacted GSA concerning establishing child care centers at their facilities.

Internal Revenue Service

Preliminary interest in setting up pilots in several locations around the country. Specific locations have not yet been determined.

Interstate Commerce Commission

Very preliminary.

Nuclear Regulatory Commission

Would like to establish a center in their headquarters when consolidated.

Office of Personnel Management

General inquiry from headquarters.

Department of Labor

Contacted GSA personnel in Region 9 as a result of inquiries made by Congresswoman Boxer. Congresswoman Boxer has written to GSA Central Office concerning centers in DOL's new regional office in San Francisco and in 450 Golden Gate after alterations are complete.

Department of the Interior, USGS

Preliminary inquiry concerning Sacramento, CA office.

Department of Health and Human Services, Indian Health Service

Preliminary inquiry concerning Aberdeen, SD office.

Corps of Engineers

Preliminary inquiry concerning Sacramento, CA office.

In addition to the above Federal Agencies, we have had several very general inquiries from day care operators.

PROPERTY DISPOSAL, HAWAII

Mr. Roybal. Thank you.

Mr. Akaka.

Mr. Akaka. Yes, Mr. Chairman, thank you very much.

Mr. Golden, I want to express my appreciation for the concern and hospitality and participation of your people out in Hawaii when this Committee went to Hawaii in January. And they participated fully and were able to discuss some of the problems out there in Hawaii. So I want to say thank you very much for that.

I also want to tell you for the record that you and your people have been generous with your time and concern over a ten-year old problem out there in Hawaii on pier 39. And there has been a meeting that is scheduled I think for March or April when they will come together and hopefully resolve the ten-year old problem.

Mr. Golden. It is my understanding that the state and GSA are obligated to come up with appraisals and assess the situation. We are hopeful we will come up with a solution that is satisfactory for everyone.

Mr. **Akaka**. And I thank you for your assistance in that regard. You have expressed four goals that you have for GSA. And I particularly was concerned with the last one, which is the disposal of real property, and in particular some of the lands out there. I just want to say again that we have heard from your people.

And I would say there is progress going on in consideration of properties other than Fort DeRussey. But I am hoping that——

Mr. **Golden**. Fortunately Fort DeRussey is not on our primary list. But that is one on which we anticipate getting some cooperation and support on at the same time I might add.

Mr. **Akaka**. I promise you that you will be hearing from us.

Mr. **Golden**. I am sure.

Mr. **Akaka**. Mainly I want to express my appreciation for the work. Thank you very much.

OAKLAND STATUS

Mr. **Roybal**. Mr. Golden, I have just one other question. I had the opportunity of going out to see the Oakland property. I was very impressed. The location could not have been any better if you had selected it yourself. What is the status?

Mr. **Golden**. Congress has included $8.1 million in the FY 1986 Continuing Resolution to do the design work on that particular building. We are in a situation now where we will award a contract for the architectural work on that building this month.

It is our estimate that the design will be completed at the beginning of FY 1988. It would be our intent at that time to begin construction, assuming we get the funds in the FY 1988 budget. So our sense is we are moving forward on the project right now. And it is a question of getting the full project funded, which we think will be in FY 1988.

SPACE COSTS

Mr. **Roybal**. Thank you. I have some questions. I would like to ask.

A lot of agencies complain about the high Standard Level User Charge that they have to pay for space. Please review for the Committee how that rent figure is arrived at by GSA and, what the agencies can do if they think it's too high.

Mr. **Sullivan**. The Public Buildings Amendments of 1972, Public Law 92–313, require GSA to charge rent to customer agencies which approximates commercial charges for comparable space and services. We do this by using professional private sector appraisals.

For example, in the fall and winter of 1984 and 1985 we appraised all our buildings, about 7,000 all together, to establish the rates which will be used in FY 1987 starting October 1, 1986. For each building, the appraiser identified three commerical buildings which were as much like the subject buildings as possible. The lease charges for those buildings were adjusted up or down based upon differences from the subject building in location, quality, building services and other factors. Based upon the adjusted rental rates for the comparable buildings, the appraiser established the rate we will charge our customers.

The best time for an agency to do something about rental charges they feel are too high is when they first know about them. We give our customers information on rates we plan to use about 18 months before the rates go into effect by providing them budget estimates. We also provide agencies information packages for each of their assignments, which contain specific information concerning rate development for each assignment. The agencies should review the budget estimates and information packages to be sure that the rates we plan to use are reasonable.

If an agency decides that one or more planned rates are unreasonable, they should contact the regional official responsible for handling rental questions. Our information packages identify the person to contact on rental matters in each region. Our contact personnel will review the rates in question with agency personnel and provide the additional information they request. When such an informal review shows that there was an error or a market change, we make the needed rate adjustment immediately. Virtually all problems are settled in this manner.

If an agency is not satisfied with the results of the informal review, they can use the formal appeal process. Under formal appeal procedures an agency can submit an appeal to the Regional Administrator. If they are not satisfied, they can appeal to me and subsequently to the Administrator if my decision does not satisfy them.

When an agency feels that its rental bill is too high, they should first be satisfied that the bill is correct. If they detect errors in the amount or type of space or the rate billed by GSA, they can report the error to GSA for correction and credit on the next bill.

If an agency feels that the bill is correct but the rate used is unreasonable, they can employ the same informal and formal adjustment procedures available to them for correcting planned rental charges before they go into effect.

Sometimes an agency may find that its bill is correct and the rate is reasonable, but they still want to reduce their rental payments to GSA. It may be possible to move them to lower cost space. We will always be glad to try to help an agency in such a situation.

Naturally, an agency may also reduce its bill by using less space. We will do our best to help agencies in meeting or exceeding their space reduction goals under the Government's workspace management reform program.

Mr. ROYBAL. Does GSA need any approval from any authorizing Committee for acquisitions made under the title of "Other Selected Purchases" contained in the Appropriation language?

Mr. SULLIVAN. No further authorization is needed.

LA COURTHOUSE

Mr. ROYBAL. What is the status of the construction of the proposed new Courthouse in Los Angeles?

Mr. SULLIVAN. GSA has selected and is negotiating with an architect-engineer firm, Welton-Beckett Associates, and is soliciting the services of a Project Manager who will assist during the design and construction phases.

We anticipate that the design phase of the project will be complete by October 1987. Construction excavation will start in May 1987 and the building should be ready for occupancy by July 1990.

There have been some project changes necessitated by the District Court's opposition to moving into the new building. They have advised GSA that they would prefer extension of the existing Courthouse at 312 N. Spring Street to satisfy their expansion requirements; however, an analysis of construction of a new Courthouse versus extension of the existing Courthouse indicates that new construction is more cost effective.

GSA is proceeding with the recently developed master plan for the Federal Center development. In light of the Court's opposition, we are planning to modify our initial design of the Federal Building-Courthouse. The structure of the building will be designed to accommodate 20 future courtrooms; initially this area will be finished as office space to satisfy immediate requirements of various agencies.

If the Court should, in the future, withdraw its opposition to moving into the FB-CT, the occupancy plan can be modified to build out the courtroom space.

PROSPECTUS APPROVAL

Mr. Roybal. Do you require prospectus approval on design cost when the design cost is over $500,000?

Mr. Sullivan. Construction of repair and alteration (R&A) projects over $500,000 requires prospectus approval. If the design work for construction or renovation and alteration work needs to begin prior to total project authorization, the design request is included in an omnibus design prospectus that covers a number of projects. In 1987 we have submitted a design prospectus for 15 projects totalling $12,304,000. This is applicable to all prospectus level R&A projects regardless of design costs. If during the preliminary design phase projects are cancelled or new projects are required, GSA will keep the Committees fully informed of any changes in the proposed design program.

In the case of new construction projects over $500,000, GSA's policy is to request full project funding (both design and construction) in the same fiscal year. A prospectus for the construction cost is submitted shortly after transmittal of the budget. If Congress provides GSA with advance design funding for a new construction project, as in the case of the Oakland project, we will submit a prospectus for the design cost as soon as possible. A second prospectus for the construction cost will be submitted with the budget request for the construction funding. This is applicable to new prospectus level construction projects regardless of design costs.

Mr. Roybal. Thank you. Are there any other questions?

Mr. Hoyer. Yes, Mr. Chairman.

Mr. Roybal. Mr. Hoyer.

TRANSFER OF BELTSVILLE PROPERTY

Mr. Hoyer. I would be remiss in not thanking you and GSA for the transfer of the property out at Beltsville. It is going to be park land. And I think it is going to be excellent.

In addition, I would call your attention to the University of Maryland's interest in the remaining parcel there at BARC, Beltsville Agricultural Resource Center, which they want to use in conjunction with BARC for a University research component related to, not formally associated with, but related to, the BARC operation there.

I think it will be an outstanding complementary use of that parcel. And I hope you and the Department of Education will look very seriously at the utilization of that by the University of Maryland.

Can you tell me the status of that if you know?

Mr. GOLDEN. Mr. Jones?

Mr. JONES. That is under review by the Department of Education now.

Mr. HOYER. What is the extent of your involvement? DOE is now reviewing it?

Mr. JONES. If the Department of Education approves the application, they will make a request to us. And we will assign it to Education, and they will give title.

Mr. HOYER. The BWI airport has been included within your directives in terms of a Washington Metropolitan airport for utilizaton. I think that has been helpful. I would hope that you would continue to consider the convenience of that airport in the future and continue to designate BWI in both Washington and Baltimore markets in the Federal Travel Directory.

OWNING VS. LEASING

Let me ask you specific questions. Can you give the Committee the alternative status for your financing plan for owning as opposed to leasing?

Mr. GOLDEN. We have included in this year's budget roughly $100 million for opportunity purchase of buildings. We think that represents a step forward. Obviously it is not all the money that we would like to carry on this program. But I think we all understand the situation we have with Gramm-Rudman-Hollings.

RELOCATION OF FEDERAL AGENCIES TO SUBURBS

Mr. HOYER. Now, something that I am very interested in, to what extent is your plan to pursue the relocation of Federal agencies to suburban sites?

Mr. GOLDEN. I personally think it makes a lot of sense. I would like to make some points clear on this because it makes page one headlines otherwise.

I think there are many agencies within the Washington area that need to be downtown, perhaps Justice being an example. Parts of Treasury certainly fall into that category, as do other agencies. But there are many agencies that are currently downtown that could be moved to locations where the costs are lower.

From the Government's perspective, the cost of leased space in downtown Washington today is in the $35 per square foot range. The cost of a comparable or better building in a suburban location on a subway, on Metro, is in the range of $22 to $25 a square foot.

So here we are talking about roughly a third savings in rental costs as a result of going to the suburbs.

We are not talking about going to the distant suburbs, but rather locations that are convenient by Metro, convenient by automobile as well. Those savings are significant.

I would also say that from the employee's point of view, once the adjustment period was over, we have a situation that makes more sense to the employees as well. And that is that so many of our employees are commuting an hour, or an hour and 15 minutes each way, because affordable housing is in the far suburbs and employment is in the District. They are spending two to two and a half hours a day commuting.

To me it would make more sense if that commute were reduced to 20 minutes or 30 minutes. Not only would it save wear and tear and cost of that commute, but it would also give them the opportunity to be closer to day care centers, be closer to their children if there was a problem at school or what have you, so I think it makes a lot of sense for the Federal employee at the same time.

So many times when we talk about moving to the suburbs, people have this vision that you are moving out beyond Dulles Airport or something of that sort.

Mr. HOYER. Some of us do not have that particular vision.

Mr. GOLDEN. Now I forget where I am.

Mr. HOYER. We will try to remind you. Mr. Wolf and I are confident that there is enough to go around.

Mr. GOLDEN. So do we actually. Once the employees understand that it is convenient by Metro and it will be convenient for many over the long-term to get the housing, it will not be an emotional employee issue. In fact, I think we will be able to provide them much nicer space and a better quality work environment as a result of taking these steps.

I also think we will take a tremendous amount of pressure off the downtown area and get much better rental rates as a result of it. The savings may well be substantial to the Federal Government.

RELOCATION, FINANCIAL MANAGEMENT SERVICE

Mr. HOYER. Last question, Mr. Chairman, if I might. And it of course deals with how is the FMS, Financial Management Service, working out?

Mr. GOLDEN. Despite the bumps at the start, we have an Agency that is overwhelmingly satisfied with the area they are in. We kept that section of FMS, Financial Managment Service, that needs to deal with other agencies downtown. They are going to be moved into the Liberty Loan Building when it is renovated. But the bulk of their space, 200,000 square feet, will be out in Hyattsville.

We included modular furniture, the buildings are efficient, the employees are happy. And the move worked out extremely well. I think it was a model of what can be accomplished with the cooperation of all parties concerned.

Mr. HOYER. In closing, I want to again thank you for your leadership. And although Tex is not here, Tex Gunnels and the Chairman of this Committee were instrumental in helping us work this out. Obviously any time there is a move there is some level of friction. Ray did a super job on that as well. And it was as you point out, obviously beneficial to my District, so I am not totally objective.

Mr. **Golden**. I think everybody is satisfied.

Mr. **Hoyer**. I am glad to hear you say it is working out well. Thank you.

Thank you, Mr. Chairman.

Mr. **Roybal**. Mr. Golden, we would like to thank you on behalf of the Committee for your presentation this morning.

Mr. **Golden**. Thank you very much.

Mr. **Roybal**. We will insert in the record the Highlight summary and the agencywide material from the Justifications.

[The information follows:]

Estimates of appropriations for fiscal year 1987

Highlight summary

General
Services
Administration

GENERAL SERVICES ADMINISTRATION

HIGHLIGHT SUMMARY - 1987 BUDGET ESTIMATES

The following provides a brief overview of the 1987 General Services Administration budget program for activities financed under the Treasury, Postal Service, and General Government Appropriations Act. Detailed information is provided in the Congressional Justification material (printed on blue stock).

CONTENTS

BACKGROUND.......... Page 1

PROGRAM SCOPE AND FINANCING.......... 1

THE 1987 BUDGET REQUEST:

Budget authority/appropriations summary and comparisons.......... 2
Explanation of changes.......... 3
GSA organization and account structure.......... 4
Changes in appropriation language and General Provisions.......... 5
Federal Buildings Fund: detail of reprogramming and supplemental.......... 7

INDIVIDUAL ACCOUNT SUMMARIES:

Federal Buildings Fund.......... 8
Operating Expenses, Federal Supply Service.......... 19
Expenses, Transportation Contract Audits/Contract Administration (perm appn).......... 23
Operating Expenses, Information Resources Management Service.......... 24
Operating Expenses, Federal Property Resources Service.......... 27
National Defense Stockpile Transaction Fund.......... 29
Salaries and Expenses, General Management and Administration.......... 30
Office of Inspector General.......... 33
Allowances and Office Staff for Former Presidents.......... 35
Expenses, Presidential Transition.......... 38

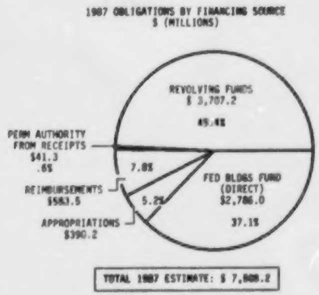
General Services Administration

HIGHLIGHT SUMMARY - 1987 BUDGET ESTIMATES

BACKGROUND. Established July 1, 1949, by section 101 of the Federal Property and Administrative Services Act of 1949 (63 Stat. 379), GSA is organized into 4 services responsible for particular agency missions, and a number of staff offices that perform overall program management, administration, and certain Governmentwide regulatory and support functions; page 4 discusses this structure. Operations are conducted through 11 geographic regions.

PROGRAM SCOPE AND FINANCING. Using obligations as an indicator, total 1987 "business volume" will be about $7.5 billion, which has continued to grow with expanded use of GSA by, and increased delivery of goods and services to, Federal customers. Agency employment, however, continues to decline. Budgeted 1987 total average employment of 22,648 is 2,771, almost 11%, below 1986 levels; compared to 1981, streamlining, productivity, and contracting out have reduced employment by 27.8%, over 8,500 personnel.

GSA's varied programs are funded from three basic sources: new appropriations enacted annually by the Congress; receipts and revenues available under permanent authority; and income from customers as direct reimbursement for services, rental payments for occupied space, or payment for goods and services procured through revolving funds. As shown by the figure at the left:



- Only 5.2% of the total 1987 program ($390.2 million for operating programs) requires enacting new appropriations.
- $4.3 billion (57.2%) will be financed through reimbursements or revolving funds. Contract expenses of real property disposal and transportation audits, and Stockpile purchases, are financed from receipts available under permanent authority ($41.3 million).
- Remaining direct Federal Buildings Fund obligations, about 37% of the 1987 program, are funded by rental payments from Federal agencies for occupied space under GSA control.

Although appropriations are needed to generate income for only 5% of the program, Congressional action is also required for Federal Buildings Fund activities. This is in the form of annually enacted limitations on the use of revenue, or new obligational authority, rather than budget authority.

THE 1987 BUDGET REQUEST: The following is a general overview of requested 1987 budget authority for programs under the jurisdiction of the Treasury, Postal Service, and General Government Appropriations Subcommittee; excluded is the Consumer Information Center (funded under HUD/Independent Agencies Act).

General Services Administration

HIGHLIGHT SUMMARY - 1987 BUDGET ESTIMATES

SUMMARY AND COMPARISONS OF NEW BUDGET AUTHORITY/APPROPRIATIONS
$(Thousands)

	FY 1986				
	Conres Enacted	Functional Transfers 1/	Current Program	1987 Budget Request	CHANGES 1987/1986
Oper. Exp., Federal Supply Service 2/	163,257	+ 6,813	170,070	170,839	+ 769
Oper. Exp., Info. Resources Mgmnt Svc 2/	30,000	+ 77	30,077	30,653	+ 576
Oper. Exp., Fed. Property Resources Svc	40,000	--	40,000	40,975	+ 975
General Management and Administration	124,310	- 7,540	116,770	125,374	+ 8,604
Office of the Inspector General	19,305	+ 650	19,955	21,108	+ 1,153
Allow. & Office Staff for Former Presidents	1,100	--	1,100	1,234	+ 134
Subtotal Operating Appropriations	377,972	--	377,972	390,183	+ 12,211
Expenses, Disposal (perm)	3,668	--	3,668	3,668	--
Exp. Trans. Contract Audits/Contract Admin.	5,200	--	5,200	7,600	+ 2,400
Approp. to Stockpile Transaction Fund	20,000	--	20,000	--	- 20,000
Approp. to Fed Bldgs Fund	7,000	--	7,000	--	- 7,000
BASIC ESTIMATES, NEW BUDGET AUTH	$ 413,840	--	413,840	401,451	- 12,389
Effects of 1986 sequestering, under Gramm-Rudman (P.L. 99-177)	- 17,851	--	- 17,851	--	+ 17,851
TOTAL BUDGET AUTHORITY	395,989	--	395,989	401,451	+ 5,462

1/ Transportation audit functions from GMA to FSS, functions of the abolished GMA Office of Policy & Management Systems transferred to IRMS and OIG.

2/ Account title change: OE, FSS was formerly OE, Personal Property; OE, IRMS formerly OE, OIRM.

General Services Administration

HIGHLIGHT SUMMARY - 1987 BUDGET ESTIMATES

EXPLANATION OF CHANGES

In total, requested 1987 budget authority is $5.5 million above current 1986 availability. This, however, results from an artificially depressed 1986 base caused by one-time reductions (sequestering) under the Balanced Budget and Emergency Deficit Control Act of 1985 (P.L. 99-177; "Gramm-Rudman"). The 1987 request is actually $12.4 million below amounts enacted for 1986 by the Congress.

Many 1986 reductions will be non-recurring, but others may include postponing required but discretionary effort until 1987 and/or accelerating savings initiatives planned for the budget year. Given these uncertainties, this summary compares the enacted 1986 and requested 1987 programs, treating 1986 reductions as a single adjustment:

	Average Employment	Bud. Auth. $(millions)
1986 Enacted	25,419	$ 413.8
One-Time 1986 Appropriations to Fed Bldgs Fund & Stockpile Fund	--	- 27.0
Savings from Contracting Out/Delegating Support Functions	- 1,942	- 1.5
Non-Program Increases (e.g., inflation)	--	+ 11.0
Productivity Initiatives (activity consolidations, centralization, closures, streamlining, efficiencies)	- 872	- 11.8
Enhanced Inspector General Audit/Investigation activities	--	+ 1.0
Recompete Accounting Support Contract	--	+ 6.3
New Legislation (ADP Bid Protest; Procurement Fraud Civil Penalties Act)	+ 13	+ .7
Supply System ADP/Operating Enhancements	--	+ 5.9
Expand Indian Trust Accounting Staff toward Court-mandated level	+ 30	+ .7
Expand Contract Transportation Audits to Increase Collections (perm)	--	+ 2.4
1987 Budget Request	22,648	$ 401.5
Gross Change, 1986 Enacted/1987 Requested	- 2,771	$ - 12.4
Effects of 1986 Sequestration	--	+ 17.9
Net Change	- 2,771	+ 5.5

The following pages summarize the request and proposed changes for each appropriation, as well as new obligational authority requested for the Federal Buildings Fund. "Gramm-Rudman" implications are treated similarly.

GSA ORGANIZATION AND ACCOUNT STRUCTURE. For background, the following shows the organizations responsible for GSA's varied mission, as well as the methods by which related programs are funded.

ORGANIZATIONAL COMPONENT	MISSION AND FUNDING SOURCES
PUBLIC BUILDINGS SERVICE (PBS)	Provides construction, acquisition by purchase, and repair/alteration of public buildings, related design and construction services, leasing of space, operation and maintenance of facilities, and overall program management. Operations are conducted under a landlord-tenant type relationship, and activities are entirely supported by the Federal Buildings Fund, a revolving fund financed by revenues from rental payments from Federal agencies that occupy GSA-controlled space. The fund is subject to annual enactment of new obligational authority (limitations on the use of revenues). Customers also provide direct reimbursement for services above standard levels.
FEDERAL SUPPLY SERVICE (FSS)	Provides the procurement, management, and worldwide distribution of supplies and personal property, the direction and coordination of Government-wide transportation and travel management programs, and related services. A direct annual appropriation, Operating Expenses, Federal Supply Service, funds basic operating, management, and administrative expenses. Customers also provide direct reimbursement for specific services. Actual procurement and distribution of common-use commodities and operation of the interagency motor pool system are financed under the General Supply Fund, a revolving fund. Expenses of contracts with commercial firms for the audit of transportation billings, and the administration of those contracts, are financed from overcharges collected from vendors. This is a permanent appropriation.
INFORMATION RESOURCES MANAGEMENT SERVICE (IRMS)	Coordinates and directs comprehensive Government-wide programs for the management, procurement, and utilization of ADP, telecommunications, and office information equipment and services. Services are also provided to other agencies on a reimbursable basis in each of these fields. Operating Expenses, IRMS, a direct annual appropriation, funds overall program management, direction, and oversight, Government-wide programs for the management, procurement and utilization of ADP, telecommunications, and office information equipment and services, and administrative expenses. Telecommunications and automatic data processing operations are financed, respectively, under the Federal Telecommunications Fund and Automatic Data Processing Fund, two revolving funds. Selected ADP and office information services are provided on a direct reimbursable basis.
FEDERAL PROPERTY RESOURCES SERVICE (FPRS)	Provides for utilization and disposal of excess and surplus real property, and the acquisition, disposal, and administration of National Defense Stockpile inventories. Basic operating, personnel, and administrative costs are supported by the direct annual appropriation Operating Expenses, FPRS. Procurement of Stockpile commodities under the National Defense Stockpile Transaction Fund is financed from receipts from the sale of excess commodities; level of procurement is subject to annual new obligational authority limitations. Certain contractual costs associated with real property sales, such as advertising and appraiser, auctioneer, broker fees, are financed from sales proceeds under permanent authority.
STAFF OFFICES	The Administrator and a number of staff offices provide overall direction, management, and administration of GSA programs, as well as other Government-wide policy or regulatory functions. Not directly related to individual specific programs, the costs are supported by an annual General Management and Administration appropriation, and by an annual appropriation for Inspector General functions. In addition, the Working Capital Fund provides for general printing and reproduction services on a reimbursable basis.

Changes in Appropriation Language
and General Provisions

Federal Buildings Fund

Provided further, That funds in the Federal Buildings Fund for Repairs and Alterations shall, for prospectus projects, be limited to the amount by project as follows, except each project may be increased by an amount not to exceed 10 per centum unless advance [approval is obtained from] *notice thereof is given to* the Committees on Appropriations of the House and Senate [for] *of* a greater amount:

The proposed language changes the requirement from "advance approval" of the Committees on Appropriations for the addition of R&A projects and project escalations exceeding ten percent, to providing the Committees with "advance notice" of these actions. While the Appropriations Committees will still retain control over the projects, this change will allow GSA to complete its Repairs and Alterations program in a more timely and responsive manner when additional work is necessary. Further, the decision by the Supreme Court in INS v. Chada declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

Provided further, That additional projects for which prospectuses have been fully approved may be funded under this category only if [advance approval is obtained from] *notice thereof is given to* the Committees on Appropriations of the House and Senate:

The subject language is not necessary in that the existing language in the Appropriation Act is adequate with respect to limiting funds for construction, repair and alteration, and acquisition projects. Further, the language can be construed to permit existing appropriations to be available for projects approved by the Committees subsequent to enactment of the Appropriation Act. Any provision which makes use of existing appropriations conditioned upon subsequent approval of a Committee of Committees of Congress has been found by the Department of Justice to be unconstitutional under the Supreme Court decision in INS v. Chada.

Operating Expenses, Federal Supply Service

transportation audits by inhouse personnel:

The language "...transportation audits by inhouse personnel," is added to reflect the transfer of this activity from the Salaries and Expenses, General Management and Administration Account.

Expenses of Transportation Audit Contracts and Contract Administration

For necessary expenses of transportation audit contracts and contract administration for which payment to any contractor shall not exceed 50 per centum of the overpayment identified by any contract audit: Provided, that expenses of transportation audit contracts and contract administration shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds at not to exceed $7,600,000.

This requested language increases the cap from $5.2 million to $7.6 million for FY 1987. The cap for subsequent fiscal years would be subject to annual appropriation language.

48

Changes in Appropriation Language and General Provisions (con'd.)

Operating Expenses, Federal Property Resources Service

deed compliance inspection,

The language "deed compliance inspection," is added to the list of functions performed pertaining to excess and surplus real property. The revised appropriation language will more accurately reflect the major activities and responsibilities provided for in accomplishing the real property disposal program objectives.

National Defense Stockpile Transaction Fund

[For the year ending September 30, 1986, in addition to the funds previously appropriated for the National Defense Stockpile Transaction Fund, pursuant to 50 U.S.C. 98a and 98e(a)(2)(c) and 50 U.S.C. 100(a), notwithstanding the provisions of 50 U.S.C. 98h, an additional $10,000,000 is appropriated, to remain available until expended, for a grant to construct a strategic materials research facility at the University of Massachusetts at Amherst.]

[For the year ending September 30, 1986, in addition to the funds previously appropriated for the National Defense Stockpile Transaction Fund, pursuant to 50 U.S.C. 98a and 98e(a)(2)(c) and 50 U.S.C. 100(a), notwithstanding the provisions of 50 U.S.C. 98h, an additional $10,000,000 is appropriated, to remain available until expended, for a grant to construct Phase II of the Mines Building at the Mackay School of Mines, University of Nevada Reno, relocate the Generic Center on the Recycling of Strategic Metals and establish the Policy Center on Strategic Materials, including such equipment as the school deems necessary to the conduct of its activities.]

Funds appropriated to the University of Massachusetts at Amherst and the University of Nevada at Reno for activities associated with strategic materials research grants for FY 1986. The FY 1987 request does not include new funds and the appropriation language should be deleted accordingly.

General Management and Administration

Provided further, That not to exceed $2,500 shall be available for reception and representation expenses.

The last proviso is indicated as new under authorizing legislation being proposed for this session of Congress.

General Provisions

SEC. 4. Not to exceed [1] 3 per centum of funds made available in appropriations for operating expenses and salaries and expenses, during the current fiscal year, may be transferred between such appropriations for mandatory program requirements. [Any] *Notice of any* transfers proposed shall be submitted promptly to the Committee on Appropriations of the House and Senate [for approval]

We are requesting a change to 3 percent to provide a modest level of transfer authority which could have the effect of reducing the magnitude of program supplementals required to implement responsibilities delegated to this agency. These provisions will allow us to provide for unforeseen emergencies immediately, thus eliminating delays while waiting for supplemental appropriation to be enacted.

General Services Administration

FEDERAL BUILDINGS FUND

Detail of Reprogramming and Supplemental

- Reprogramming is shown in the FY 1986 column of the budget. Specifically, funding for two Repairs and Alterations line item projects appropriated in FY 1986 is being transferred to the Rental of Space activity for mandatory increases in that area. The projects, contracts for which could not have been awarded in FY 1986, have been requested again in the FY 1987 budget. The projects are as follows:

Washington, DC, Steam Distribution System	$13,796,000
Texas, San Antonio, Post Office-Courthouse	$6,078,000

- A supplemental for FY 1986 is requested in the FY 1987 budget. The request is to pay for a construction claim related to the Russell Federal Building in Atlanta, Georgia. The claim has been paid by the Treasury Department; GSA will make reimbursement to them in the amount of $200,000.

General Services Administration

FEDERAL BUILDINGS FUND
Summary

The Federal Buildings Fund is a revolving fund which, from revenues derived from rental charges to Federal agencies for space which they occupy in Government-owned or leased space buildings, finances all aspects of the GSA real property programs. These programs include the acquisition of space through direct Federal construction, or purchase of existing buildings; the repair and alteration of public buildings; payments of liabilities for facilities acquired through purchase contract authority; acquisition of space through leasing from the private sector; the day-to-day operations of Government-owned and leased facilities; and general management and administration of all real property programs.

PROGRAM BY ACTIVITIES
$(Thousands)

Federal Buildings Fund Summary	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Construction & Acquisition of Facilities	$150,141	$ 243,619	$100,000	$-143,619
Repairs and Alterations	230,201	249,796	362,044	+112,248
Design & Const. Svcs.	84,507	133,227	72,442	-60,785
Purchase Contracts Pmt.	178,911	135,100	143,442	+8,342
Rental of Space	855,059	885,300	935,100	+49,800
Real Property Ops.	689,899	709,678	734,319	+24,641
Program Direction	118,509	55,481	57,090	+1,609
Special Projects	348	--	--	--
Total, New Obli. Auth.	$2,307,575	$2,412,201	$2,404,437	$-7,764
Compensable Workyears	11,104	11,497	10,604	-893

EXPLANATION OF CHANGES	
Inflationary impact on PBS programs	+62,414
FY 1987 Construction prog.	-143,619
FY 1987 R&A program	+112,248
FY 1987 Design & Const. Services program	-60,785
Productivity & A-76 savings	-5,837
Increase in fuel/utility costs	+9,056
Net change to leased space inventory	+7,573
Other net changes	+11,186
Total	$ -7,764

FY 1987 PROGRAM PERSPECTIVE. Projected total resources of $2,413,700 thousand will support GSA's provision of real property management services at a level commensurate with that of FY 1986 as well as a substantial increase in the Repairs and Alterations area. Continued emphasis will be placed on the President's Workspace Reform initiative. Direct construction and line item repairs and alterations projects are shown individually at the activity level. Additional details on the FY 1987 real property programs can be found on each of the activity justifications.

General Services Administration

FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities

A no-year activity which provides suitable facilities to house Federal agencies through direct construction of new buildings, extensions to existing buildings, acquisition of United States Postal Service properties and the purchase of commercial buildings from the private sector.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Const. & Acq. of Fac.				
New Const. Projects:				
- FY 1987 Projects	--	--	$2,680	$+2,680
- FY 1986 Projects	--	$243,019	--	-243,019
- FY 1985 Projects	$ 58,264	--	--	--
Subtotal, New Const.	$ 58,264	$243,019	$2,680	$-240,339
Acq. of Excess USPS Properties	1,700	--	--	--
Purchase of Commercial Buildings	84,952	--	95,263	+95,263
Const. Proj. of Less than $500,000	1,000	400	1,000	+600
Project Claims	4,225	200	1,057	+857
Total, New Obli. Auth.	$150,141	$243,619	$100,000	$-143,619
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
FY 1987 New Construction Projects	$ +2,680
FY 1986 New Construction Projects	-243,019
Const. Proj. of less than $500,000	+600
Construction Claims	+857
Purchase of Commercial Buildings	+95,263
Total Change	$-143,619

FY 1987 PROGRAM PERSPECTIVE. The FY 1987 Construction and Acquisition of Facilities activity places primary emphasis on purchase of commercial buildings except to meet specialized space needs which cannot be met through leasing such as border stations, etc., as well as increasing the ratio of Government-owned leased space. This activity funds site acquisition and construction costs only; design and supervision costs for all projects are funded by the Design and Construction Services activity.

General Services Administration
FEDERAL BUILDINGS FUND

Construction and Acquisition of Facilities
Detail of New Obligational Authority
($ Thousands)

FY 1987	
New Construction: Columbus, NM, Border Station	$ 2,680
Purchase: Wellesley Island, NY, Border Station	1,925
Other Selected Purchases	93,338
Claim: Columbia, SC, Federal Building - Courthouse	1,057
Construction Projects Less Than $500,000	1,000
Total, FY 1987	$100,000
FY 1986	
New Construction:	
Los Angeles, CA, Federal Building-Courthouse-Parking Facility	$137,198
Eastport, ID, Border Station	2,147
Overland, MO, National Personnel Records Center, Extensions	48,932
Newark, NJ, Federal Building	44,975
Seattle, WA, Laboratory	9,767
Claim: Atlanta, GA, Russell Federal Building	200
Construction Projects Less Than $500,000	400
Total, FY 1986	$243,619
FY 1985	
New Construction:	
Long Beach, CA, Federal Building	$ 42,617
Washington, DC, Old Post Office	1,750
El Paso, TX, Border Station	6,893
Lynden, WA, Border Station	2,386
Sumas, WA, Border Station	4,618
Purchase: Scotia, NY, Depot	3,000
Other Selected Purchases	81,952
Acquisition from USPS	1,700
Claim: Washington, DC, Forrestal Building	3,000
Fort Lauderdale, FL, Federal Building-Courthouse	405
Columbia, SC, Federal Building-Courthouse	820
Construction Projects Less Than $500,000	1,000
Total, FY 1985	$150,141

FEDERAL BUILDINGS FUND
Repairs and Alterations

Repairs and Alterations of public buildings are funded under this activity. Safety, the state of repair, and operating efficiency of facilities are the principal criteria used in establishing priorities of work required with primary consideration given to repairs to prevent deterioration and damage to the buildings, their support systems, and necessary operating equipment.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Repairs and Alterations				
Line item projects (proj. over $500,000)	$100,476	$120,608	$215,860 1/	$ +95,252
Non-line item projects	129,725	129,188	146,184	+16,996
Total, New Obli. Auth.	$230,201	$249,796	$362,044	$+112,248
Compensable Workyears	--	--	--	--

1/ Project listing on succeeding page.

EXPLANATION OF CHANGES

The change in the FY 1987 program over FY 1986 is categorized by major functional area as follows:

A. Basic Repairs	$ +62,250
B. Health and Safety	+40,281
C. Vacant Space Alterations	+5,181
D. Courts	+13,840
E. Special Programs	-9,600
F. Historic Preservation	-16,700
G. Non-line item projects	+16,996
Total	$+112,248

FY 1987 PROGRAM PERSPECTIVE. The FY 1987 program reflects increased emphasis on basic repairs and health and safety projects. Projects less than $500,000, important to GSA's goal of customer agency satisfaction, are provided at a slightly higher level than that of the previous year.

The above estimates are for costs of construction only; design and other related costs are included in the Design and Construction Services activity.

General Services Administration
FEDERAL BUILDINGS FUND
Repairs and Alterations

FY 1987 Line Item Project Listing

CATEGORY/PROJECT		
BASIC REPAIRS		
Brooklyn, NY; Federal Bldg #2	$9,544	
Washington, DC Steam Dist. System	13,796	
Milwaukee, WI; Federal Bldg.-U.S. Courthouse	2,799	**
New Orleans, LA; F. Edward Hebert Federal Bldg	9,928	*
Asheville, NC; Federal Bldg	7,847	
Kansas City, MO; 2306 E. Bann., Federal Bldg	4,408	
Arlington, VA; Federal Bldg. #2	7,464	
Portland, OR; Federal Bldg	12,069	***
Washington, DC; Federal Bldg.-New Post Office	1,700	
Birmingham, AL; Federal Bldg.-U.S. Courthouse	3,899	
Chicago, IL; Railroad Retirement Board Bldg	5,200	
Dallas, TX; 1114 Commerce St., Federal Bldg	1,600	
Boston, MA; JFK Federal Bldg., Phase I	13,544	*
East St. Louis, IL; Federal Bldg.-U.S. Courthouse	3,762	
San Antonio, TX; Post Office-Courthouse	6,078	
Trenton, NJ; Federal Bldg.-U.S. Courthouse	2,070	
SUBTOTAL, BASIC REPAIRS (16 projects)	$105,708	
HEALTH AND SAFETY		
Arlington, VA; Pentagon	$12,420	**
San Francisco, CA; 450 Golden Gate, Philip Burton Federal Bldg.-Courthouse	20,000	***
Miami, FL; Federal Bldg	11,481	*
Washington, DC, Federal Building 6	1,213	**
Washington, DC, Federal Building 8	1,886	**
Washington, DC, Federal Building 9	1,713	**
Washington, DC, Federal Building 10A	1,121	**
Washington, DC, General Accounting Office	3,552	**
Washington, DC, Justice	599	**
Washington, DC, State	2,765	**
Kansas City, MO, FB 601 E. 12th	997	**
Kansas City, MO, FB 1500 E. Bannister	2,560	**
St. Louis, MO, FC 4300 Goodfellow	2,176	**
SUBTOTAL, HEALTH AND SAFETY (13 projects)	$62,483	

* Asbestos abatement projects
** PCB abatement projects
*** Includes both asbestos and PCB abatement

General Services Administration

FEDERAL BUILDINGS FUND

Repairs and Alterations

VACANT SPACE ALTERATIONS

San Diego, CA; Federal Bldg.-Old Courthouse	$1,576
New York, NY; 1 Bowling Green, Customhouse	8,000
St. Louis, MO; Mart Federal Bldg., Phase I	20,000 **
SUBTOTAL, VACANT SPACE ALTERATIONS (3 project)	$29,576

COURTS

San Diego, CA; Federal Bldg.-Courthouse	$1,178
Honolulu, HI; Federal Bldg.-Courthouse	1,850
Las Vegas, NV; Federal Bldg.-U.S. Court[illegible]	2,197
Los Angeles, CA; 300 N. L.A., Federal Blog	7,825
Phoenix, AZ; Federal Bldg.-U.S. Courthouse	762
San Francisco, CA; US Court of Appeals-Post Office	1,683
Salt Lake City, UT; Post Office/U.S. Courthouse	675
Casper, WY; Federal Bldg.-U.S. Courthouse	1,923
SUBTOTAL, COURTS (8 projects)	$18,093
LINE ITEM PROJECTS, TOTAL (40 projects)	$215,860
NON-LINE ITEM PROJECTS, TOTAL	$146,184
TOTAL FY 1987 NEW OBLIGATIONAL AUTHORITY	$362,044

** Includes PCB abatement

56

General Services Administration

FEDERAL BUILDINGS FUND

Design and Construction Services

This budget activity provides for the direct funding, under a no-year authorization, of both in-house and contract costs of the design and management/inspection phases of new construction and repairs and alterations projects as well as non-project related technical services. This activity, initiated in FY 1985, replaces funding for services which were previously included in individual projects.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987	EXPLANATION OF CHANGES
Design & Construction Services					Decrease in provision of all expenses related to design, design and contract review and other technical services related to construction and repairs and alterations $-60,785
Technical services related to design, construction and contract review.	84,507	$133,227	$72,442	$-60,785	
Total, New Obli. Auth.	84,507	$133,227	$72,442	$-60,785	
Compensable Workyears	603	682	682	--	

FY 1987 PROGRAM PERSPECTIVE. This activity provides for the full range of design and construction services relating to all direct construction and repairs and alterations projects as well as non-project related technical services. Included in project design is the development of detailed plans and specifications, working drawings and surveys and tests. Management and inspection of projects involves the physical examination of the quality and quantity of work put in place. The technical services function includes inspections to identify fire and life safety hazards and asbestos problems, buildings evaluations and development of handbooks and other program guidance.

General Services Administration

FEDERAL BUILDINGS FUND

Purchase Contract Payments

Through laws enacted in 1954 and 1972, GSA built 73 facilities under purchase contract arrangements. These purchase contracts require the Government to make periodic payments of principal, interest, and taxes until title is vested with the Government after 30 years of such payments.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Purchase Contract Pmts.				
Package System Projects:				
a) 5 proj. under purch. contr. auth. by the Public Bldgs. Purch. Contr. Act of 1954.	$ 1,912	$ 270	$ --	$ -270
b) 23 proj. under purch. contr. authorized by the Public Bldgs. Amendments of 1972.	13,696	11,792	11,174	-618
Subtotal, package system projects	$15,608	$12,062	$11,174	-888
Dual System Projects:				
a) 45 proj. under purch. contract auth. by the Public Buildings Amendments of 1972.	163,303	123,038	132,268	+9,230
Total, New Obli. Authority	$178,911	$135,100	$143,442	$+8,342
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES

Payments made on purchase contract projects are composed of principal, interest, taxes & administrative expenses. Changes in these categories from 1986 to 1987 are shown below:

Principal	+5,097
Interest	-2,819
Taxes	+6,064
Administrative Exp.	--
Total	$ +8,342

FY 1987 PROGRAM PERSPECTIVE. Resources are required to make payments of principal interest and taxes on projects completed under the 1972 Act only. The borrowings to pay for the projects under the 1954 Act will have been retired in FY 1986 and title will pass to the Government; thus, no payments are necessary for these projects in FY 1987.

General Services Administration

FEDERAL BUILDINGS FUND
Rental of Space

This activity provides for all costs related to the acquisition of leased space, including payments for existing leases, projected new leases to be negotiated, rental rate increases estimated to occur and for all related buildings services furnished by lessors under the terms of lease agreements.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Rental of Space				
Rental of leased space and related services	$830,210	$860,451	$910,251	$ +49,800
Payments to USPS	24,849	24,849	24,849	--
Total, New Obli. Auth.	$855,059	$885,300	$935,100	$ +49,800
Compensable Workyears	--	--	--	--

EXPLANATION OF CHANGES	
Agency expansion space acquired in 1986 & 1987	$+57,213
Release of leased space in 1986 and 1987	-49,640
Commercial rental rate increases in 1986 and 1987	+42,227
Total	$+49,800

FY 1987 PROGRAM PERSPECTIVE. During FY 1987, GSA will continue to intensify efforts to improve space utilization of Federal agencies through implementation of the President's Work Space Management Initiative. This initiative emphasizes that it is the primary role of agencies to reduce space; GSA's role is to issue guidelines and regulations, to coordinate collection of data, and report upon results. The goal for office space utilization rate remains at 135 square feet (plus supplemental space factor) per employee. GSA also will continue efforts to reduce vacant space although its ratio to total space of 4.4% compares favorably with the private sector.

General Services Administration

FEDERAL BUILDINGS FUND
Real Property Operations

This activity provides for the operation of all Government-owned facilities under the jurisdiction of GSA and for building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish such services. Services included in building operations are cleaning, protection, maintenance, payments for utilities, fuel and other miscellaneous activities such as grounds maintenance, elevator operations, lease administration and day-to-day servicing of tenants' needs. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for payment of the rental charge, just as in the private sector, tenants pay rent for space and services provided by lessors.

PROGRAM BY ACTIVITIES
$(Thousands)

Real Property Operations	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Cleaning	$181,721	$167,530	$174,450	$ +6,920
Utilities and Fuel	221,356	215,610	225,697	+10,087
Maintenance	134,218	127,154	132,009	+4,855
Other Buildings Services	63,068	74,900	81,782	+6,882
Protection	56,116	58,064	59,914	+1,850
Other Staff Support *	7,045	37,280	37,670	+390
Delegated Buildings	17,000	15,057	18,597	+3,540
ADP Support	9,375	14,083	4,200	-9,883
Total, New Obli. Auth.	$689,899	$709,678	$734,319	$+24,641
Compensable Workyears	8,826	10,409	9,516	-893

EXPLANATION OF CHANGES	
Buildings services in new space. (Net of space released)	$ +2,419
Savings from energy conservation	-2,156
Increased fuel and utility costs.	+9,056
Inflationary impact on contracts, supplies and materials.	+11,979
Productivity and A-76 savings.	-5,837
Other changes.	+9,180
Total change	$+24,641

* Fiscal Years 1986 and 1987 include functional transfers of activities from Program Direction.

FY 1987 PROGRAM PERSPECTIVE. The FY 1987 program provides for a level of buildings services commensurate with that provided in FY 1986. Major initiatives include the delegation to agencies for operational responsibility of single tenant Government-owned and leased buildings. These delegations will be completed in FY 1986; starting in FY 1988, GSA will budget for all delegated buildings and transfer funding to the participating agencies.

General Services Administration

FEDERAL BUILDINGS FUND

Program Direction

The Program Direction Activity provides for the overall general management, long and short-range planning, development of policy, program control and evaluation, and administration of all programs which are the responsibility of the Public Buildings Service. It also provides for certain support services which are funded on a centralized basis.

PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987
Program Direction				
Real Estate	$30,806	$ --	$ --	$ --
Real Property Operations	20,074	--	--	--
Overall Direction	16,278	18,235	19,611	+1,376
Centralized Services	16,101	17,346	17,579	+233
ADP Support	35,250	19,900	19,900	--
Total, New Obli. Auth.	$118,509	$55,481	$ 57,090	$+1,609
Compensable Workyears	1,675	406	406	--

EXPLANATION OF CHANGES	
Inflationary impact on support services	+1,538
Other changes	+71
Total change	+1,609

FY 1987 PROGRAM PERSPECTIVE. The budget includes funding for STRIDE systems development as well as continued operation of the existing information system. Other activities continued at the same program level as FY 1986.

BLANK PAGE

BLANK PAGE

BLANK PAGE

General Services Administration

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE

An annual appropriation providing for the management and operation of a worldwide supply distribution system; procurement and management of supplies and personal property; transportation and travel management; transportation audits; vehicle fleet management; and property management activities for the use, rehabilitation and donation of personal property. Actual procurement of supplies and operation of the fleet management centers are conducted under the General Supply Fund.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1985	FY 1986	FY 1987	Changes 1986 to 1987
Supply	$ 135,753	$ 135,924	$ 136,278	$ + 354
Transportation	9,796	16,742*	16,985	+ 243
Property Management	16,313	17,404	17,576	+ 172
Total Obligations	161,862	170,070*	170,839	+ 769
Unoblig. Balance Lapsing	538	--	--	--
APPROPRIATION (Adjusted)	$ 162,400	$ 170,070	$ 170,839	$ + 769
Total Compens. Workyears	3,586	3,492	3,037	- 455

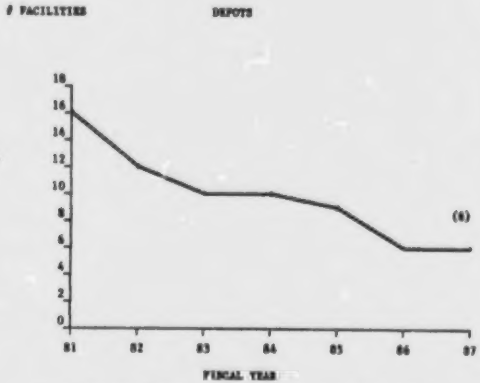
EXPLANATION OF CHANGES	
ADP Equipment	+ 5,902
Space cost	+ 1,645
Inflation	+ 1,643
Facility closures, A-76 Studies	-3,142
Commodity management consolidation	-1,025
Overhead reductions	-4,254
Total Change from 1986	+ 769

*Transportation Audits Transfer (+6,813)

1987 PROGRAM PERSPECTIVE. The major objectives of these activities are to reduce the cost of Government, maximize efficiency of operations and provide excellent service to all customers. To this end, the objectives in 1987 are to continue to consolidate and streamline operations through acquiring needed ADP equipment, closing or contracting out supply facilities, consolidating commodity management activities, and reducing overhead and supply management functions.

62

FSS wholesale operations will streamline the depot system from 16 depots in FY 1981 to 6 facilities in FY 1987.



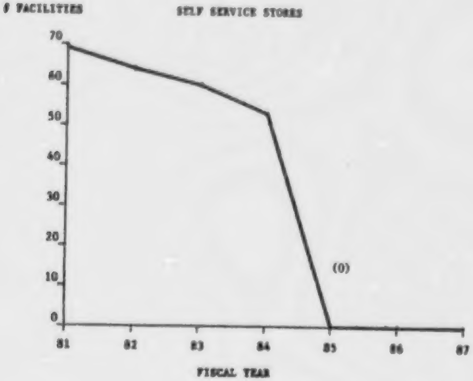
FY1987 (6) DEPOTS: 3 IN-HOUSE, 3 CONTRACTOR OPERATED.

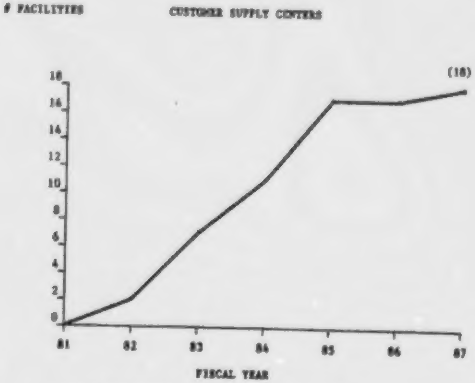
BEST COPY AVAILABLE

General Services Administration

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE

FSS retail operations transitioned from Self-Service Store operations where customers shopped at retail locations, to Customer Supply Centers where customers call in orders picked from catalogs, thereby providing major cost savings.





FY1987 (18) CSC'S: 9 IN-HOUSE, 9 CONTRACTOR OPERATED.

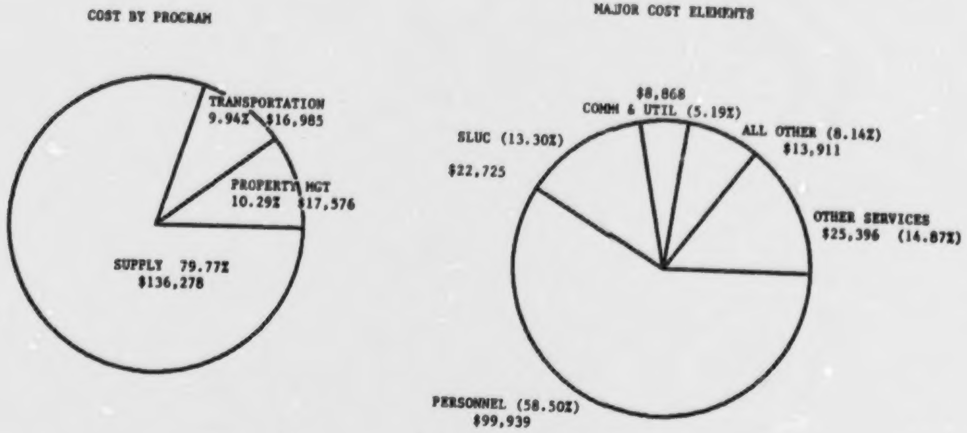
64

General Service Administration

OPERATING EXPENSES, FEDERAL SUPPLY SERWICE

In total, the bulk of requested funding is related to supply operations. From another perspective, this appropriated account is personnel-intensive: 58.5% of total funds is required for employee compensation. The tables below show requested 1987 funding both by program and major cost elements.

FY 1987 APPROPRIATIONS
$170,839
(Dollars in Thousands)
DISTRIBUTED BY:



EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT ADMINISTRATION

A special fund through which the expenses of transportation audit contracts and contract administration are financed from overcharges (receipts) from carriers on transportation bills paid by the Government. Contract audit firms are used to identify and collect carrier overcharges. (Supplemental Appropriations Act, 1985, Public Law 99-88, approved August 15,1985)

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1985	FY 1986	FY 1987	Changes 1986 to 1987	EXPLANATION OF CHANGES	
Audit contracts	--	$ 5,000	$ 7,200	$ + 2,200	Contract services/expenses for expanded collection effort	+ 2,400
Contract administration	--	200	400	+ 200		
Total Budget Authority (Special Fund)	--	$ 5,200	$ 7,600	$ + 2,400		
Total Compens. Workyears	--	13	13	--		

1987 PROGRAM PERSPECTIVE. Current authority provides for transportation audit contracts and contract administration expenses not to exceed $5,200 thousand annually, effective through September 30, 1989. Legislation is proposed to provide permanent authority and to establish a limitation on transportation audit contractor payments and contract administration expenses at 40 percent of carrier overcharges collected. It is further proposed that, after making provision for audit contracts and contract administration expenses, the balance of the overpayments collected shall be transferred to miscellaneous receipts of Treasury. For 1987, audit contract and contract administration expenses are estimated at $7.6 million and collections are estimated at $50.0 million. This is an increase in expenses of $2.4 million above the current authority. Language follows: For necessary expenses of transportation audit contracts and contract administration for which payment to any contractor shall not exceed 50 per centum of the overpayment identified by any contract audit. Provided, that expenses of transportation audit contracts and contract administration shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds at not to exceed $7,600,000.

General Services Administration

OPERATING EXPENSES, INFORMATION RESOURCES MANAGEMENT SERVICE

An annual appropriation providing for the overall direction and coordination of comprehensive Government-wide programs for the management, procurement, and utilization of automatic data processing, telecommunications, and office information equipment and services. It provides for the development and coordination of Government-wide policies, procedures and regulations pertaining to ADP, telecommunications, and office information systems acquisition, management and utilization; provides for establishment of Government-wide automated data processing standards; provides information services to the public; and provides for the overall management of operations financed through the Automatic Data Processing Fund and the Federal Telecommunications Fund. It also provides for the Information Security Oversight Office, which makes available to the public as much information as possible regarding the affairs of Government, while at the same time providing maximum security for national security information.

PROGRAM BY ACTIVITIES
$ (Thousands)

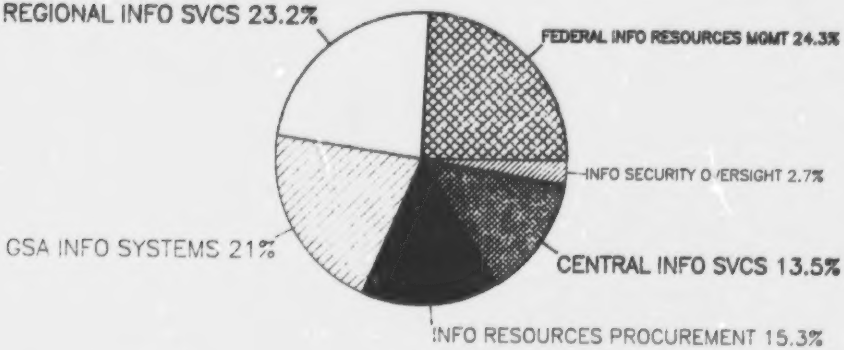
	FY 1985	FY 1986	FY 1987	Changes 1986 to 1987	EXPLANATION OF CHANGES	
Federal Information Resources Management	$ 7,751	$ 7,410	$ 7,457	$ 47	Information Security Oversight Office Program responsibilities	$+106
Central Information Services	4,503	4,044	4,140	96	Payment to PBS for space	+221
Information Resources Procurement	4,535	4,698	4,686	-12	Inflation	+510
Regional Information Services	7,681	7,048	7,102	54	5% pay restoration	+31
GSA Information Systems	6,484	6,160	6,444	284	Office automation	+540
Information Security Oversight Office	619	717	824	107	Savings from reorganization and consolidation of regional operations	-670
Total Obligations	31,573	30,077	30,653	+576	Administrative savings and one-time projects	-162
Unobligated Balance Lapsing	1,849	-	-	-		
APPROPRIATION (Adjusted)	$33,422	$30,077	$30,653	$576		
Total Compens. Workyears	474	500	486	-14	Total change for 1987	$576

1987 PROGRAM PERSPECTIVE. The resource level requested for FY 1987 will permit the Information Resources Management Service to continue to provide leadership in the field of information technology and to fulfill the Information Security Oversight Office's responsibilities under Executive Order 12356 for the security of Government information. The only program increase requested in FY 1987 is for increased program responsibilities of the Information Security Oversight Office.

67

OPERATING EXPENSES
INFORMATION RESOURCES MANAGEMENT SERVICE
FY 1987

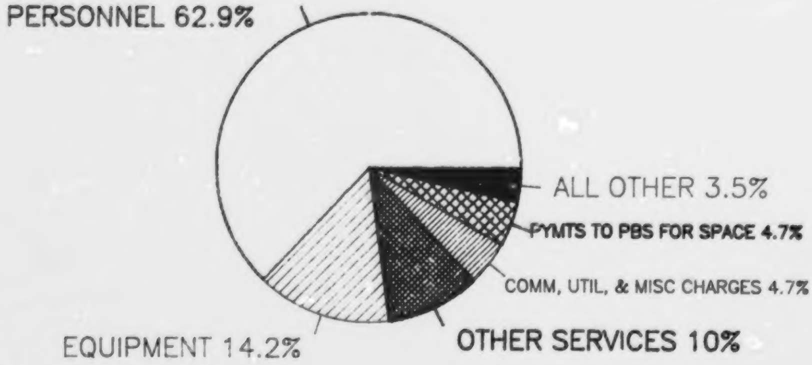
OBLIGATIONS BY ACTIVITY
TOTAL---$30,653,000



ACTIVITY	OBLIGATIONS	PERCENT
FEDERAL INFORMATION RESOURCES MANAGEMENT	$7,457,000	24.3
CENTRAL INFORMATION SERVICES	4,140,000	13.5
INFORMATION RESOURCES PROCUREMENT	4,686,000	15.3
REGIONAL INFORMATION SERVICES	7,102,000	23.2
GSA INFORMATION SYSTEMS	6,444,000	21.0
INFORMATION SECURITY OVERSIGHT	824,000	2.7
TOTAL	$30,653,000	100.0

OPERATING EXPENSES
INFORMATION RESOURCES MANAGEMENT SERVICE
FY 1987

OBLIGATIONS BY CATEGORY
TOTAL---$30,653,000



CATEGORY	OBLIGATIONS	PERCENT
PERSONNEL	$19,267,000	62.9
PAYMENT TO PBS FOR SPACE	1,434,000	4.7
COMM, UTIL, & MISC CHARGES	1,443,000	4.7
OTHER SERVICES	3,058,000	10.0
EQUIPMENT	4,355,000	14.2
ALL OTHER	1,076,000	3.5
TOTAL	$30,653,000	100.0

General Services Administration

OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE

Provides for utilization and disposal of excess and surplus real property; acquisition, administration, and disposal of National Defense Stockpile inventories; and the administration and disposal of the Defense Production Act inventory.

PROGRAM BY ACTIVITIES

$ (Thousands)

	FY 1985	FY 1986	FY 1987	Changes 1986 to 1987	EXPLANATION OF CHANGES	
National Defense Stockpile	$ 30,192	$ 30,189	$ 29,412	$ - 777	Administrative Equipment	$ +70
Real Property	8,920	11,414	11,563	+ 149	Pay Restoration	+20
					Space and Handling	+ 244
Total Obligations	39,112	41,603	40,975	- 628	Purchase Inflation	+ 913
Recovery of Prior Yr. Obligs.	- 310	--	--	--	GS 11-15 Reductions	- 53
Unoblig. Balance Avail., Start of Year	- 3,429	- 1,603	--	+ 1,603	Consolidation Stockpile offices	- 280
Unoblig. Balance Trans., Net	+1,000	--	--	--	Multi-Year Stockpile Rqmts+	- 1,603
Unoblig. Balance Avail., End of Year	1,603	--	--	--	Workman's Compensation	+ 61
Unoblig. Balance Lapsing	945	--	--	--		
					TOTAL CHANGE FROM 1986	- 628
APPROPRIATION (Adjusted)	$ 38,921	$ 40,000	$ 40,975	$ +975	Obligations from balances	+ 1,603
Total Compens. Workyears	466	499	492	- 7	NET APPROPRIATION CHANGE FROM 1986	$ + 975

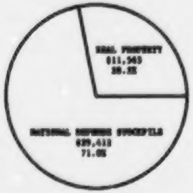
1987 PROGRAM PERSPECTIVE. There are no program increases requested for FY 1987. Total FY 1987 changes in obligations reflect a net decrease of $-628 from FY 1986. Because $1,603 in FY 1986 obligations for multi-year stockpile requirements were from balances, a net increase of $975 is requested in appropriations for FY 1987.

70

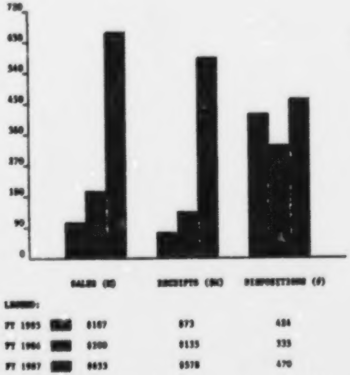
OPERATING EXPENSES, FEDERAL PROPERTY RESOURCES SERVICE

In FY 1987, the requested funding for FPRS is 72% for Stockpile activities and 28% for real property disposal programs. In terms of types of expenses, this appropriated account consists of personnel (41%) RENT (17%) and other purchased goods and services (42%) which includes includes protection and maintenance of excess and surplus properties pending disposal; and materials handling and storage charges for National Defense Stockpile commodities and projects to preserve the value of materials in the stockpile. The following charts depict FPRS' obligations by program and major cost element.

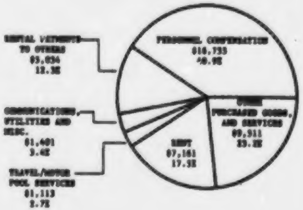
FY 1987 APPROPRIATIONS
COSTS BY PROGRAM AREA



REAL PROPERTY DISPOSAL PROGRAM
VALUE OF SALES--VALUE OF RECEIPTS--NUMBER OF DISPOSITIONS
FY 1985 - FY 1987



FY 1987 APPROPRIATIONS
DISTRIBUTION BY MAJOR COST ELEMENT



71

71

General Services Administration

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

Provides for the financing of the acquisition of strategic and critical materials and related transportation costs out of receipts from disposal sales of excess stockpile materials. Also provides for the rotation of any material in the stockpile when necessary to prevent deterioration, by replacement of the material with an equivalent quantity of substantially the same material. Related operating expenses are provided under the appropriation: Operating Expenses, Federal Property Resources Service.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1985	FY 1986	FY 1987	Changes 1986 to 1987
Acquisition	$ 9,303	$ --	$ 28,500	$ +28,500
Transportation/Other	--	--	1,500	+1,500
Research Grants (Bud. Auth.)	--	20,000	--	-20,000
Total Obligations	9,303	20,000	30,000	+10,000
Naval Petroleum Receipts	- 297,414	- 286,713	--	+ 286,713
Commodity Receipts	-45,617	- 5,000	--	+ 5,000
Recoveries of prior year obligations	- 337	--	--	--
Unoblig. Bal. Available start of year	- 39,741	- 215,438	- 215,437	+ 1
Unoblig. Bal. Unavailable start of year	- 60,435	- 218,802	- 510,516	- 291,714
Unoblig. Bal. Available end of year	215,438	215,437	185,437	- 30,000
Unoblig. Bal. Unavailable end of year	218,802	510,516	510,516	--
BUDGET AUTHORITY	--	20,000	--	- 20,000
NEW OBLIGATIONAL AUTHORITY	$ 185,000	$ --	$ --	$ --
Total Compens. Workyears	0	0	0	0

EXPLANATION OF CHANGES

The FY 1987 program level consists of $30,000 for the acquisition of stockpile materials which is financed from unobligated balances. No new obligational authority or budget authority is requested for FY 1987.

1987 PROGRAM PERSPECTIVE. The purpose of this fund is to provide for the acquisition of certain strategic and critical materials to preclude the dependency of the United States upon foreign sources for supplies of such materials during a national emergency. Acquisitions are financed from the sale of existing excess commodities in the stockpile.

General Services Administration
SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION

Provides for: Policy direction and coordination of all GSA programs by the Administrator, his Deputy, 11 Regional Administrators; Congressional and External Affairs; agencywide acquisition policy, planning and coordination; and administrative, financial and management support services on a centralized and integrated basis for all GSA programs.

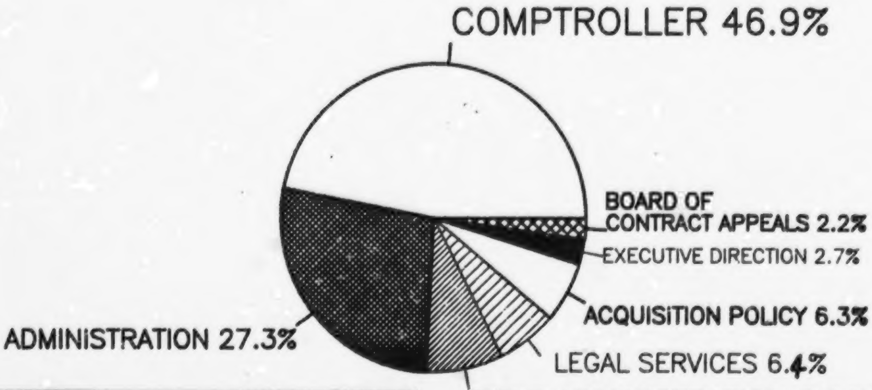
PROGRAM BY ACTIVITIES
$(Thousands)

	FY 1985	FY 1986	FY 1987	Changes 1986 to 1987	EXPLANATION OF CHANGES	
Executive Direction	$2,413	$3,324	$3,365	$41	Recompetition of teleprocessing services contract	$6,300
Comptroller	62,791	52,252	58,782	6,530	Enhancement of Indian Trust Account Accounting	725
Administration	39,324	33,860	34,203	343	Consolidation of regional finance operations.	-1,142
Board of Contract Appeals	1,959	1,953	2,734	781	A-76 initiatives	-290
Legal Services	8,489	8,066	8,105	39	Personnel Information Resources System (PIRS) enhancement	160
Acquisition Policy	5,205	7,161	7,947	786	ADP Bid Protest enhancement	442
Field Administration	11,750	10,154	10,238	84	Program Fraud Civil Penalties Act implementation	300
TOTAL OBLIGATIONS	$131,931	$116,770	$125,374	$8,604	Transfer of Regulatory Information Service Center from EPA	532
Unobligated Balance Transferred	-500	-	-	-		
Unobligated Balance Lapsing	4,702	-	-	-	Price escalation in non-personnel costs	1,279
					Net change for RENT increases	178
APPROPRIATION (Adjusted)	$136,133	$116,770	$125,374	$8,604	Increase contract maintenance	120
Total Compens. Workyears	2,715	2,383	2,197	-186	Total change from 1986	$8,604

1987 Program Perspective: The resource level requested for FY 1987 will provide for essential program increases: One-time cost for recompetition of the expiring, current teleprocessing services contract, which will result in significant future cost savings; additional resources for the Indian Trust Accounting program to meet Court-directed improvements in processing time for Indian Tribal claims; enhancement of the automated Personnel Information Resources System; resources to resolve Governmentwide ADP bid protests, as directed, but unfunded, by the Competition in Contracting Act; and resources for the proposed Program Fraud Civil Penalties Act. Additionally, resources are included for the Regulatory Information Service Center, transferred from the Environmental Protection Agency. These increases and increases in non-program related costs are partially offset by savings resulting from the consolidation of regional operations and the implementation of A-76 initiatives.

GENERAL SERVICES ADMINISTRATION

SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION
FY 1987 APPROPRIATIONS
DISTRIBUTION BY PROGRAM AREA

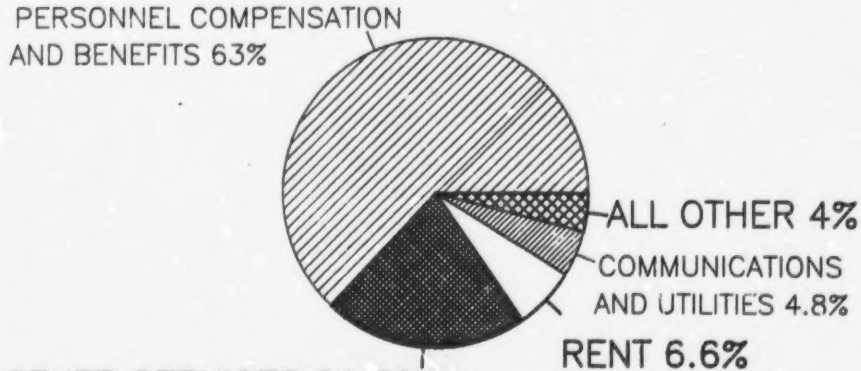


PROGRAM	AMOUNT	PERCENT
Executive Direction	$3,365,000	2.7
Comptroller	58,782,000	46.9
Administration	34,203,000	27.3
Board of Contract Appeals	2,734,000	2.2
Legal Services	8,105,000	6.4
Acquisition Policy	7,947,000	6.3
Field Administration	10,238,000	8.2
TOTAL	$125,374,000	100.0

74

GENERAL SERVICES ADMINISTRATION

SALARIES AND EXPENSES, GENERAL MANAGEMENT AND ADMINISTRATION
FY 1987 APPROPRIATIONS
DISTRIBUTION BY MAJOR COST ELEMENT



COST ELEMENT	AMOUNT	PERCENT
Personnel Compensation & Benefits	$78,986,000	63.0
RENT	8,245,000	6.6
Communications & Utilities	6,022,000	4.8
Other Services	27,044,000	21.6
All Other	5,077,000	4.0
TOTAL	$125,374,000	100.0

General Services Administration

OFFICE OF INSPECTOR GENERAL

Provides for: Agencywide audit and investigative functions to identify and correct management and administrative deficiencies within GSA which create real or potential conditions for fraud, corruption, and mismanagement.

PROGRAM BY ACTIVITIES
$ (Thousands)

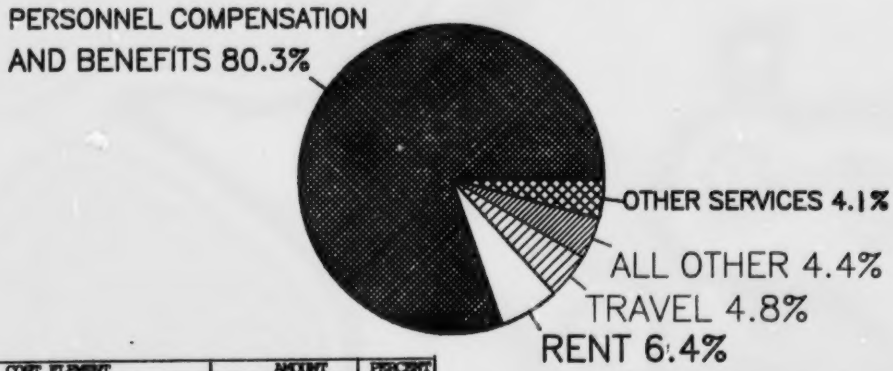
	FY 1985	FY 1986	FY 1987	Change 1986 to 1987	Explanation of Changes	
Total Obligations	$21,032	$19,955	$21,108	$1,153	Additional contract and internal audit support	$1,000
Unoblig. Balance Lapsing	229	-	-	-	Price escalations in non-personnel costs	153
APPROPRIATION (Adjusted)	$21,261	$19,955	$21,108	$1,153	Total change from 1986	$1,153
Total Compens. Workyears	398	452	452	-		

1987 PROGRAM PERSPECTIVE: The increase in budget authority for FY 1987 will provide for additional contract and internal audit support, $1,000, and price escalations in non-personnel costs, $153.

76

GENERAL SERVICES ADMINISTRATION
OFFICE OF INSPECTOR GENERAL

FY 1987 APPROPRIATIONS
DISTRIBUTION BY MAJOR COST ELEMENT



COST ELEMENT	AMOUNT	PERCENT
Personnel Compensation & Benefits	$16,956,000	80.3
Travel	1,010,000	4.8
RENT	1,343,000	6.4
Other Services	878,000	4.1
All Other	921,000	4.4
TOTAL	$21,108,000	100.0

77

General Services Administration

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

Provides for: Pensions, office staffs, and related expenses for former Presidents. This appropriation also provides for the pension and cost of postal franking privileges for the widow of former President Johnson.

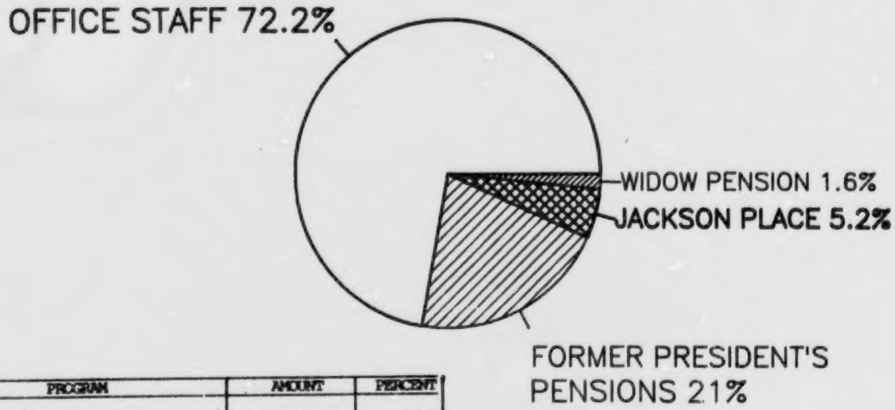
PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1985	FY 1986	FY 1987	Change 1986 to 1987	Explanation of Changes	
Allowances & Pensions	$ 276	$ 279	$ 279	$ -	Travel and transportation of of things	$44
Office Staff for former Presidents	828	821	955	134	RENT due to PBS rate increase	30
					Communications, utilities, printing, other services and supplies	43
Total Obligations	$1,104	$1,100	$1,234	$ 134	Equipment and other miscellaneous services	17
Unoblig. Balance Lapsing	47	-	-	-		—
APPROPRIATION (Adjusted)	$1,151	$1,100	$1,234	$ 134	TOTAL CHANGE FROM 1986	$134

1987 PROGRAM PERSPECTIVE: The FY 1987 request will allow for continued funding of pensions, office staffs and related expenses for former Presidents Nixon, Ford, and Carter and for the pension and franking privileges for the widow of former President Johnson.

578

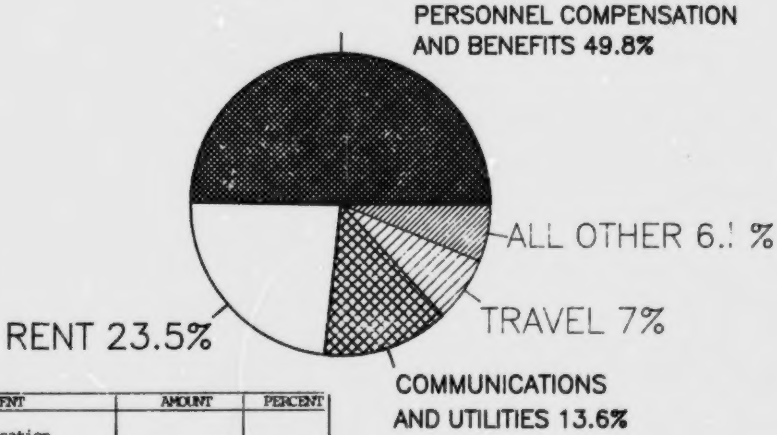
GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1987 APPROPRIATIONS
DISTRIBUTION BY PROGRAM AREA



PROGRAM	AMOUNT	PERCENT
Former President's Pension	$258,600	21.0
Widows Pension	20,000	1.6
Office Staff	891,400	72.2
Jackson Place RENT	64,000	5.2
TOTAL	$1,234,000	100.0

GENERAL SERVICES ADMINISTRATION
ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

FY 1987 APPROPRIATIONS
DISTRIBUTION BY MAJOR COST ELEMENT



COST ELEMENT	AMOUNT	PERCENT
Personnel Compensation & Benefits	$614,000	49.8
Travel	86,000	7.0
RENT	290,000	23.5
Communications & Utilities	168,000	13.6
All Other	76,000	6.1
TOTAL	$1,234,000	100.0

80

General Services Administration

EXPENSES PRESIDENTIAL TRANSITION

Provides for: Expenses for services and facilities to cover transition to and from the Office of the President and Vice-President in case the incumbents would not be re-elected. In the event the incumbents remain in office any funds appropriated are to be returned to the general fund of the Treasury.

PROGRAM BY ACTIVITIES
$ (Thousands)

	FY 1985	FY 1986	Change FY 1987	Change 1986 to 1987	Explanation of Changes
President-elect and Vice-President elect	$2,000	-	-	-	
Incumbent President and incumbent Vice-President	1,000		-	-	
APPROPRIATION	3,000	-	-	-	

FY 1985 appropriation was transferred to O.E. Personal Property & S&E, General Management & Administration to cover increased pay costs required by Section 105 of P.L. 98-473 as authorized by the Supplemental Appropriations Act of 1985.

SUMMARY ANALYSIS OF FY 1987 ESTIMATES FOR SERVICES AND STAFF OFFICES

PUBLIC BUILDINGS SERVICE

Federal Buildings Fund, New Obligational Authority -- ($2,404,437,000)

Net decrease of $7,764,000 and 1,881 average positions from the proposed FY 1986 obligational authority. (FY 1986 enacted by Congress $2,412,001,000 plus supplemental of $200,000.)

Construction and Acquisition of Facilities -- ($100,000,000)

Decrease of $143,619,000 from the 1986 level. Increases consist of:

-- $2,680,000 for FY 1987 new construction projects.

-- $600,000 for projects under $500,000.

-- $857,000 for construction claims.

-- $95,263,000 for purchase of commercial buildings.

These increases of $99,400,000 are offset by a decrease of $243,019,000 for FY 1986 new construction projects.

Repairs and Alterations -- ($362,044,000)

Net increase of $112,248,000 from the FY 1986 level. Increases consist of:

-- $62,250,000 for basic repairs.

-- $40,281,000 for health and safety.

-- $5,181,000 for vacant space alterations.

-- $13,840,000 for the Courts.

-- $16,996,000 for non-line item projects.

These increases of $138,548,000 are offset by decreases of:

-- $9,600,000 for special programs.

-- $16,700,000 for historical preservation.

Design and Construction -- ($72,442,000)

Net decrease of $60,785,000 from the FY 1986 level. These decreases consist of:

-- $58,830,000 for design and management/inspection of new construction projects ($42,928,000) and Repairs and Alterations line item projects ($15,902,000).

-- $3,301,000 in support of the non-line item program.

These decreases of $62,131,000 are offset by an increase of $1,346,000 for technical services.

Purchase Contract Payments -- ($143,442,000)

Increase of $8,342,000 from the FY 1986 level. Increases provide:

-- $2,646.000 for revised tax rates for state and local taxes.

-- $4,024,000 for first-time tax payments on three buildings located in Illinois.

-- $4,072,000 for mandatory redemption under the Dual System for FY 1986 levels.

--$1,222,000 for Dual and Package System fixed payments.

These increases of $11,964,000 are offset by decreases of $3,622,000 for interest payments ($3,016,000) and taxes ($606,000).

Rental of Space -- ($935,100,000)

Net increase of $49,800,000 from the FY 1986 level. Increases consist of:

-- $29,488,000 for 3.8 million square feet of agency expansion space acquired in 1986.

-- $27,725,000 for 2.4 million square feet of agency expansion space to be acquired in FY 1987.

-- $42,227,000 for commercial rental increases.

These increases of $99,440,000 are offset by decreases of:

-- $17,726,000 for release of leased space from agencies' moves to new Federal buildings and to consolidate locations.

-- $31,914,000 for release of space in FY 1986.

Real Property Operations -- ($734,319,000)

Net increase of $24,641,000 and decreases of 893 average positions from the FY 1986 level. Increases consist of:

-- $3,964,000 for operations in newly acquired GSA-operated space.

SUMMARY ANALYSIS OF FY 1987 ESTIMATES FOR SERVICES AND STAFF OFFICES (Continued)

Real Property Operation (Continued)

-- $3,253,000 for improved space utilization initiatives and asbestos abatement relocations.

-- $11,979,000 for service contracts, supplies and materials.

-- $9,056,000 for increased fuel and utility costs.

-- $13,713,000 for partial restoration of certain programs which will be deferred in 1986 to offset other unanticipated costs.

-- $2,908,000 for building delegations.

These increases of $44,863,000 are offset by decreases of:

-- $5,837,000 for productivity improvements, including A-76 implementation.

-- $2,156,000 for savings due to energy conservation efforts.

-- $1,800,000 for GS/11-15 grade reductions.

-- $7,733,000 for one-time equipment purchases.

-- $2,696,000 for GSA-operated space to be released in FY 1987.

Program Direction -- ($57,090,000)

Net increase of $1,609,000 from the FY 1986 level consisting of:

-- $1,271,000 for contractual and supportive services and payment for other services provided on a centralized basis.

-- $456,000 for other operating costs.

These increases of $1,727,000 are offset by a decrease of $118,000 for reduction in costs for GS/11-15.

Advances and Reimbursements, FBF -- ($518,678,000)

Net decrease of $13,452,000 and 988 average positions from the FY 1986 level. Increases consist of:

-- $18,316,000 for changes in reimbursable service requirements.

-- $13,000 for advertising, broker and appraiser fees associated with the outleasing of leased space.

-- $17,099,000 for inflationary increases.

These increases of $35,428,000 are offset by decreases of:

-- $45,054,000 and 940 average positions for the transfer of operational functions at the NSA facility at Ft. Meade, Md.

-- $3,826,000 and 48 average positions for productivity improvements and other operational efficiencies.

FEDERAL SUPPLY SERVICE

Operating Expenses -- $170,839,000

Net increase of $769,000 and decrease of 465 average positions from the FY 1986 level. Increases consist of:

-- $5,902,000 for ADP equipment.

-- $1,645,000 for space costs.

-- $1,643,000 for inflation.

These increases of $9,190,000 are offset by decreases of:

-- $1,405,000 and 228 average positions for base and A-76 savings in supply depot and Customer Supply Centers.

-- $1,737,000 and 38 average positions for annualized depot closures.

-- $1,112,000 and 44 average position for abolishment of the supply management function.

-- $2,618,000 and 104 average positions for Central and Regional office overhead reductions.

-- $1,025,000 and 41 average positions for Commodity Centers implementation.

-- $524,000 for GS/11-15 reductions.

Advances and Reimbursements, Federal Supply Service -- ($25,333,000)

Net increase of $18,000 and a reduction of 51 average positions from the FY 1986 level. Increases consist of:

-- $467,000 for RENT increase.

-- $241,000 for inflation.
These increases of $708,000 are offset by decreases of:

-- $267,000 and 51 average positions for A-76 depot closures.

-- $423,000 for annualized rent decreases.

Expenses of Transportation Audit - $7,600,000.

Net increase of $2,400,000 from the FY 1986 level based on proposed legislation.

83

SUMMARY ANALYSIS OF FY 1987 ESTIMATES FOR SERVICES AND STAFF OFFICES (Continued)

General Supply Fund -- ($2,583,400,000)

Net increase of $149,500,000 from the FY 1986 level. Increases consist of:

- -- $62,500,000 for anticipated sales increases in stores, special orders, and export due to increased customer demand.
- -- $16,700,000 for capital outlay.
- -- $7,800,000 for fleet management initiatives.
- -- $62,500,000 for economic adjustments of goods and services.

INFORMATION RESOURCES MANAGEMENT SERVICE

Operating Expenses -- $30,653,000

Net increase of $576,000 and reduction of 14 average positions from the FY 1986 level. Increases consist of:

- -- $106,000 for Information Oversight Office program responsibilities.
- -- $221,000 for space payments.
- -- $510,000 for inflation.
- -- $540,000 for office automation.

These increases of $1,377,000 are offset by decreases of:

- -- $670,000 and 14 average positions due to savings from reorganizations and consolidation of regional operations.
- -- $131,000 for administrative savings and one-time projects.

Advances and Reimbursements, IRMS -- ($22,517,000)

Net increase of $1,070,000 and decrease of 5 average positions from the FY 1986 level consisting of:

- -- $451,000 for inflation.
- -- $801,000 for system growth.
- -- $676,000 for RENT increase.

These increases of $1,928,000 are offset by a decrease of $858,000 and 5 average positions for shutdown of the Magnuson Computer Center.

Federal Telecommunications Fund -- ($756,349,000)

Net increase of $9,638,000 and reduction of 127 average positions from the FY 1986 level. Increases consist of:

- -- $20,000,000 for FTS and data circuitry and facilities.
- -- $8,011,000 for secure communications systems.
- -- $6,367,000 for higher telephone rates.
- -- $3,680,000 for additional telephone lines.
- -- $359,000 for equipment requirements related to current operations.
- -- $1,360,000 and 15 average positions for Network Services initiatives.
- -- $2,502,000 and 1 average position for Telecommunications Technical Services Contracts.
- -- $684,000 for data program costs ($360,000) and Rent increases ($324,000).

These increases of $42,963,000 are offset by decreases of:

- -- $9,100,000 for network reconfiguration and competitive procurement.
- -- $1,920,000 and 67 average positions for A-76 implementation.
- -- $1,150,000 and 76 average positions for local service costs related to program changes.
- -- $1,155,000 for Circuit Procurement Program ($1,061,000) and Call Detail Reporting ($94,000).
- -- $16,000,000 for Postal Service discontinued use of FTS.
- -- $4,000,000 for lower FTS tariffs.

Automatic Data Processing Fund -- ($334,585,000)

The increase of $34,881,000 from FY 1986 level consists of:

- -- $10,231,000 for increases due to inflation.
- -- $24,650,000 for growth in services to Government agencies.

SUMMARY ANALYSIS OF FY 1987 ESTIMATES FOR SERVICES AND STAFF OFFICES (Continued)

FEDERAL PROPERTY RESOURCES SERVICE:

Operating Expenses -- $40,975,000

Net increase of $975,000 and 7 average positions from the FY 1986 level. Increases consist of:

-- $913,000 for goods and services.

-- $244,000 for net RENT adjustment.

-- $151,000 for pay restoration ($20,000) office automation and administrative equipment ($70,000) and Employees Compensation Fund ($61,000).

These increases of $1,308,000 are offset by decreases of:

-- $53,000 for GS/11-15 grade reduction.

-- $280,000 and 7 average positions for consolidation of Stockpile Offices.

Advances and Reimbursements, FPRS ($700,000)

No change from the FY 1986 level.

National Defense Stockpile Transaction Fund Revolving Fund ($0)

Net decrease of $20,000,000 in budget authority from the FY 1986 level.

Expenses, Disposal of Surplus Real and Related Personal Property -- $3,888,000

No change from the FY 1986 level.

William Langer Jewel Bearing Plant Revolving Fund -- ($3,400,000)

No change from the FY 1986 level.

EXECUTIVE DIRECTION AND STAFF OPERATIONS:

General Management and Administration -- $125,374,000

Net increase of $8,604,000 and a reduction of 186 average positions from the FY 1986 level. Increases consist of:

-- $6,300,000 for recompetition of teleprocessing services contract.

-- $725,000 and 30 average positions for enhancement of Indian Trust Accounting.

-- $442,000 and 7 average positions for ADP bid protest enhancement.

-- $460,000 and 6 average positions for PIRS enhancement ($160,000) and implementation of the Program Fraud Civil Penalties Act ($300,000 and 6 average positions)

-- $1,279,000 for price escalations for non-personnel related costs.

-- $532,000 and 5 average positions for transfer of RISC from EPA.

-- $178,000 for RENT increases.

-- $120,000 for Contract maintenance.

These increases of $10,036,000 are offset by decreases of:

-- $1,142,000 and 28 average positions for consolidation of regional finance operations.

-- $290,000 and 10 average positions for A-76 initiatives. Includes a decrease of 5 average positions for procurement automation and 191 undistributed.

Advances and Reimbursements, GMA ($16,169,000)

Net increase of $1,451,000 and a reduction of 45 average positions from the FY 1986 level. Increases consist of:

-- $1,600,000 for enhancement of the Congressional support program.

-- $333,000 for price escalations for non-personnel related costs ($323,000), and RENT increases ($10,000).

These increases of $1,933,000 are offset by a decrease of $482,000 and 5 average positions for 1986 reimbursable activities funded as direct in FY 1987. There is also a reduction of 40 average positions due to A-76 initiatives (10) and reduced requirements (30).

Inspector General -- $21,108,000

Net increase of $1,153,000 from the FY 1986 level. Increases consist of:

-- $1,000,000 for additional contract and internal audit support.

-- $153,000 for price escalation for non-personnel expenses.

Advances and Reimbursements, IG ($110,000)

No change from the FY 1986 level.

SUMMARY ANALYSIS OF FY 1987 ESTIMATES FOR SERVICES AND STAFF OFFICES (continued)

Allowances and Office Staff for Former Presidents -- $1,234,000

Increase of $134,000 from the FY 1986 level, consisting of:

-- $44,000 for travel and transportation of things.

-- $43,000 for communications, utilities, printing, etc.

-- $17,000 for equipment and other miscellaneous services

-- $30,000 for RENT increases

Expenses, Presidential Transition -- $0

Working Capital Fund ($25,117,000)

Increase of $786,000 from the FY 1986 level.

Increases consist of:

-- $173,000 for RENT increases

-- $513,000 for inflation

-- $100,000 for promotion and step increases.

GENERAL SERVICES ADMINISTRATION
Summary of Budget Estimates for FY 1987
(thousands of dollars)

	1986 Actual		Revised 1986 Estimate		1987 Estimate		Increase or Decrease (-) for 1987 from 1986					
							Total Changes		Program Changes		Other Changes	
	Avg. Pos.	Budget Authority	Avg. Pos.	Budget Authority	Avg. Pos.	Budget Authority	Avg. Pos.	B.A.	Avg. Pos.	B.A.	Avg. Pos.	B.A.
Federal Buildings Fund:												
Direct Appropriation	11,104	348 1/	11,497	7,000 2/	10,604	-	-893	-7,000	-893	-7,000	-	-
Reimbursable	2,844	-	2,247	-	1,259	-	-988	-	-988	-	-	-
Operating Expenses, FSS	3,586	162,400	3,492	170,070	3,037	170,839	-455	+769	-455	-1,995	-	+2,764
Adv. & Reimb., FSS	469	-	460	-	409	-	-51	-	-51	-	-	-
Transportation Audits	-	-	13	5,200	13	7,600 3/	-	+2,400	-	+2,400	-	-
General Supply Fund	894	-	887	-	887	-	-	-	-	-	-	-
Operating Expenses, Information Resources Management Service	474	33,422	500	30,077	486	30,653	-14	+576	-14	-564	-	+1,140
Adv. & Reimb., IRMS	256	-	303	-	298	-	-5	-	-5	-	-	-
Federal Telecommunications Fund	1,429	-	1,791	-	1,664	-	-127	-	-127	-	-	-
Automatic Data Processing Fund	309	-	386	-	386	-	-	-	-	-	-	-
Operating Expenses, FPRS	466	38,921	499	40,000 4/	492	40,975	-7	+975	-	-	-7	+975
Stockpile Transacton Fund (NOA)	-	(185,000)	-	-	-	-	-	-	-	-	-	-
Stockpile Transaction Fund (BA)	-	-	-	20,000	-	-	-	-20,000	-	-20,000	-	-
Expenses Disposal	-	2,113	-	3,668	-	3,668	-	-	-	-	-	-
Salaries & Expenses, GMA	2,715	136,133	2,383	116,770	2,197	125,374	-186	+8,604	-186	+7,027	-	+1,577
Adv. & Reimb., GMA	119	-	167	-	122	-	-45	-	-45	-	-	-
Inspector General	398	21,261	452	19,955	452	21,108	-	+1,153	-	+1,000	-	+153
Former Presidents	-	1,151	-	1,100	-	1,234	-	+134	-	-	-	+134
Working Capital Fund	308	-	322	-	322	-	-	-	-	-	-	-
Presidential Transition	-	(3,000) 5/	-	-	-	-	-	-	-	-	-	-
TOTAL*	25,371	395,749	25,399	413,840	22,628	401,451	-2,771	-12,389	-2,764	-19,132	-7	+6,743

1/ Appropriation transferred to the State of Arizona for work related to border station.

2/ $5,000,000 for repair and alteration project at Secret Service Training Center, Beltsville, MD. and 2,000,000 for design of proposed building in Mesa, AZ.

3/ Includes $2,400,000 proposed for later transmittal under proposed legislation.

4/ Excludes unobligated balance of $1,603,000.

5/ Transferred to other accounts for pay act costs.

* Excludes Consumer Information Center.

BEST COPY AVAILABLE

GENERAL SERVICES ADMINISTRATION
Analysis of Changes in Amounts
FY 1987 Over 1986 in Appropriation Accounts
(Dollars in Thousands)

PROGRAM CHANGES:	Total	OE, FSS	OE, IRMS	OE, FPRS	S&E, GMA	Former Presidents	Inspector General
Increases:							
ADP Equipment	5,902	5,902	-	-	-	-	-
DSCO Growth	106		106	-	-	-	-
Enhancement of Indian Trust Accounting Program	725	-	-	-	725	-	-
Recompetition of Teleprocessing Services Contract	6,300	-	-	-	6,300	-	-
FTRS enhancement	160	-	-	-	160	-	-
Enhancement of ADP Bid Protest Program	442	-	-	-	442	-	-
Civil Fraud Penalties Act Implementation	300	-	-	-	300	-	-
RISC Transfer	532	-	-	-	532	-	-
Internal audit Support	1,000	-	-	-	-	-	1,000
Decreases:							
Annualized Depot Closures	-1,737	-1,737	-	-	-	-	-
A-76 Initiatives	-1,695	-1,405	-	-	-290	-	-
Abolishment Supply Management Function	-1,112	-1,112	-	-	-	-	-
Nationwide overhead reduction	-2,618	2,618	-	-	-	-	-
Commodity Center Implementation	-1,025	-1,025	-	-	-	-	-
Consolidation Regional Operations	-1,812	-	-670	-	-1,142	-	-
TOTAL PROGRAM CHANGES	+5,468	-1,995	-564	-	7,027	-	1,000
OTHER CHANGES:							
Increases:							
5% Pay Cut Restoration	168	117	31	20	-	-	-
Inflation	2,036	1,526	510	-	-	-	-
WGI Increases	2,318	1,645	221	244	178	30	-
ADP Equipment Modernization	610	-	540	70	-	-	-
Goods & Services	956	-	-	913	-	43	-
Employees's Compensation	61	-	-	61	-	-	-
Contract Maintenance	120	-	-	-	120	-	-
Travel & Transportation	44	-	-	-	-	44	-
Non-personnel expense price escalation	1,432	-	-	-	-	-	153
Equipment & Miscellaneous Service	17	-	-	-	-	17	-
Decreases:							
GS 11-15 grade reductions	-577	-524	-	-53	-	-	-
Admin. Savings/one-time projects	-162	-	-162	-	-	-	-
Consolidation, Stockpile Offices	-280	-	-	-280	-	-	-
TOTAL OTHER CHANGES	6,743	2,764	1,140	975	1,577	134	153
Total Increases and Decreases/1986 compared with 1987 in appropriation accounts	12,211	769	576	975	8,604	134	1,153
Federal Buildings Fund (Direct Apprn)	-7,000						
Transportation Audits Proposed Legislation	+2,400						
National Defense Stockpile Fund (BA)	-20,000						
TOTAL CHANGES	-12,389						

GENERAL SERVICES ADMINISTRATION
Analysis of Changes in Average Positions - FY 1987 Over FY 1986 In Appropriation Accounts

	TOTAL	OE, FSS	OE, IRMS	OE FPRS	S&E GMA	IG
Program Changes:						
Increases or Decreases:						
Annualized Depot Closures (-38) and Supply Center (-228)................................	-266	-266	-	-	-	-
Abolishment of Supply Management function........	-44	-44	-	-	-	-
Nationwide overhead Reductions..........................	-104	-104	-	-	-	-
Commodity Centers Implementation.....................	-41	-41	-	-	-	-
Enhancement of Indian Trust Accounting Program...	30	-	-	-	30	-
Consolidation of Regional Finance Operations.....	-28	-	-	-	-28	-
Implementation of the Fraud Civil Penalties Act..	6	-	-	-	6	-
Transfer of RISC..	5	-	-	-	5	-
Procurement Automation Program.......................	-5	-	-	-	-5	-
A-76 Initiative..	-10	-	-	-	-10	-
Enhancement of ADP Bid Protest Program...........	7	-	-	-	7	-
Reorganization and consolidation or regional operations..	-14	-	-14	-	-	-
Undistributed FTE...	-191	-	-	-	-191	-
Total Program Changes..................................	-655	-455	-14	-	-186	-
Other Changes:						
Increase/Decrease						
* Consolidation of Stockpile Offices.................	-7	-	-	-7	-	-
Total Other Changes.....................................	-7	-	-	-7	-	-
Total Increase/Decrease 1987 vs 1986 in Appropriation Accounts.............	-662	-455	-14	-7	-186	-

89

GENERAL SERVICES ADMINISTRATION
Analysis of Changes in Average Positions - FY 1987 Over FY 1986 In Non-Appropriation Accounts

	TOTAL	FBF	A&R FBF	A&R FSS	A&R IRMS	FTF	A&R GSA
Program Changes:							
Increases/Decreases:							
Decrease in Cleaning (-488) and Maintenance of Public Buildings (-105)...................	-593	-593	-	-	-	-	-
Reduced Protection Services...................	-300	-300	-	-	-	-	-
Transfer of operational functions at the NSA facility....................................	-940	-	-940	-	-	-	-
Productivity improvements and other operational efficiencies.....................	-48	-	-48	-	-	-	-
A-76 Depots....................................	-51	-	-	-51	-	-	-
Increase in network Services Initiatives.....	15	-	-	-	-	15	-
Increase in Telecommunications Technical Service Contracts............................	1	-	-	-	-	1	-
A-76 implementation............................	-77	-	-	-	-	-67	-10
Local service costs related to program changes..	-76	-	-	-	-	-76	-
General reduction in FTE......................	-30	-	-	-	-	-	-30
Reimbursable activities funded direct........	-5	-	-	-	-	-	-5
Shutdown of Magnuson Computer Center.........	-5	-	-	-	-5	-	-
Total Program Changes	-2,109	-893	-988	-51	-5	-127	-45
Other Changes:.................................	-	-	-	-	-	-	-
Total Increase/Decrease 1987 vs 1986 in Non-Appropriated Accounts......	-2,109	-893	-988	-51	-5	-127	-45

Net Decrease for Both Appropriation and Non-Appropriation Accounts: -2,771

90

General Services Administration
Statement of Budget Authority for 1985, 1986 and Estimates for 1987
(In thousands of dollars)

	1985 Actual	1986 Estimates	1987 Estimates	Change from 1986
Federal Buildings Fund	348 1/	7,000 2/	-	-7,000
Operating Expenses, FSS	162,400	170,070	170,839	+769
Expenses, Transportation Audits	-	5,200	7,600 3/	+2,400
Operating Expenses, IRMS	33,422	30,077	30,653	+576
Operating Expenses, FPRS	38,921	40,000	40,975	+975
National Defense Stockpile Transaction Fund	-	20,000	-	-20,000
Expenses, Disposal	2,113	3,668	3,668	-
Salaries & Expenses, GMA	136,133	116,770	125,374	+8,604
Inspector General	21,261	19,955	21,108	+1,153
Former Presidents	1,151	1,100	1,234	+134
Total *	395,749	413,840	401,451	-12,389

* Excludes Consumer Information Center.

1/ Appropriation transferred to State of Arizona for work related to border station.

2/ $5,000,000 for Repair & Alteration project at Secret Service Training Center, Beltsville, Md., and $2,000,000 for design of proposed building in Mesa, Az.

3/ Includes $2,400,000 for later transmittal under proposed legislation.

GENERAL SERVICES ADMINISTRATION
Analysis of 1986 Appropriations and Reappropriations
(In thousands of dollars)

	1986 Continuing Resolution	Appropriation Transfers	Total 1986 Appropriation	FY 1987 Budget Estimate	Change from FY 1986
Federal Buildings Fund	7,000 1/	-	7,000	-	-7,000
Operating Expenses, FSS	163,257	+6,813	170,070	170,839	+769
Expenses, Transportation Audits	5,200	-	5,200	7,600 2/	+2,400
Operating Expenses, IRMS	30,000	+77	30,077	30,653	+576
Operating Expenses, FPRS	40,000	-	40,000 3/	40,975	+975
National Defense Stockpile Transaction Fund	20,000	-	20,000	-	-20,000
Expenses Disposal	3,668	-	3,668	3,668	-
Salaries & Expenses, GNA	124,310	-7,540	116,770	125,374	+8,604
Inspector General	19,306	+650	19,955	21,108	+1,153
Former Presidents	1,100	-	1,100	1,234	+134
Total *	413,840 4/	-	413,840	401,451	-12,389

1/ $5,000,000 for Repair & Alteration project at Secret Service Training Center, Beltsville, Md., and $2,000,000 for design of proposed building in Mesa, Az.
2/ Includes $2,400 thousand for proposed legislation for Transportation Audit Contracts.
3/ Excludes unobligated balance of $1,603 thousand
4/ Total includes $1,000,000 transfer for pay costs from the unobligated balance of OE-FPRS.

* Excludes Consumer Information Center.

92

GENERAL SERVICES ADMINISTRATION
Source of Appropriations, FY 1985
(In thousands of dollars)

	1985 Continuing Resolution Apprn. Act	1985 Pay Increase	Appropriation Transfers	GRAND TOTAL
Federal Building Fund	348 1/	-	-	348
Operating Expenses, FSS	160,700	+1,700	-	162,400
Operating Expenses, IRMS	33,348	-400	+474	33,422
Operating Expenses, FPRS	38,921	-	-	38,921
Natl. Defense Stockpile Trans. Fund 2/	(185,000)	-	-	(185,000)
Expenses Disposal	2,113	-	-	2,113
Salaries and Expenses, GMA	136,597	+1,700	-2,164	136,133
Inspector General	21,438	-	-177	21,261
Former Presidents	1,151	-	-	1,151
Presidential Transition	3,000	-3,000	-	-
TOTAL *	397,616	-	-1,867 3/	395,749

* Excludes Consumer Information Center.

1/ Appropriation transferred to State of Arizona for work related to border station.
2/ Obligational Authority.
3/ Net transfer involving the National Archives and Records Administration: -$2,760 from GMA ($2,395), IRMS ($188), IG ($177); +$662 to IRMS for ISOO transfer; and +$231 to GMA for Committee Management

93

93

GENERAL SERVICES ADMINISTRATION
Summary of Budget Outlays
(In thousands of dollars)

	FY 1985	FY 1986	FY 1987
Federal Buildings Fund	-209,516	84,372	-58,794
Operating Expenses, FSS	163,908	166,805	167,568
Transportation Audits	-	5,200	5,200 1/
General Supply Fund	-74,275	3,800	-
Operating Expenses, OIRM	30,089	29,477	29,537
Frderal Telecommunication Fund	-3,020	2,905	2,905
ADP Fund	-12,021	3,710	2,650
Operating Expenses, FPRS	37,063	39,200	40,635
Expenses, Disposal	2,116	3,668	3,668
National Defense Stockpile Transaction Fund	-240,704	-271,713	30,000 1/
Wm. Langer Jewel Bearing Plant	390	-	-
Salaries & Expenses, GMA	128,974	114,284	122,734
Economic Opportunity Act/ CSA Closeout	137	10	10
Inspector General	20,204	19,569	20,699
Former Presidents	1,101	1,078	1,209
VICOR	-135	-120	0
Working Capital Fund	-759	-300	0
Unconditional Gifts	-	-	1
Total*	-156,458	201,945	368,022

1/ Excludes outlays under proposed legislation of -250,000,000 in the National Defense Stockpile Transaction Fund and +2,400,000 for Transportation Audit Contracts

* Excludes Consumer Information Center.

94

GENERAL SERVICES ADMINISTRATION
SUMMARY OF AVERAGE POSITIONS (WORKYEARS)

	1985	1986	1987	Increase or Decrease (-) for FY 1987 from 1986		
				Total Changes	Program Changes	Other Changes
Federal Buildings Fund (Direct)	11,104	11,497	10,604	-893	-893	-
Federal Buildings Fund (Reimbursable)	2,844	2,247	1,259	-988	-988	-
Operating Expenses, FSS	3,586	3,492	3,037	-455	-455	-
Reimbursable, FSS	469	460	409	-51	-51	-
Transportation Audits	-	13	13	-	-	-
General Supply Fund	894	887	887	-	-	-
Operating Expenses, IRMS	474	500	486	-14	-14	-
Reimbursable, IRMS	256	303	298	-5	-5	-
Federal Telecommunications Fund	1,429	1,791	1,664	-127	-127	-
Automatic Data Processing Fund	309	386	386	-	-	-
Operating Expenses, FPRS	466	499	492	-7	-	-7
Salaries and Expenses, GMA	2,715	2,383	2,197	-186	-186	-
Reimbursable GMA	119	167	122	-45	-45	-
Inspector General	398	452	452	-	-	-
Working Capital Fund	308	322	322	-	-	-
TOTAL *	25,371	25,399	22,628	-2,771	-2,764	-7

* Excludes Consumer Information Center: FY 1985, 20; FY 1986, 20; FY 1987, 20

GENERAL SERVICES ADMINISTRATION
SUMMARY OF PERMANENT POSITIONS

	1985	1986	1987	Increase or Decreases (-) for FY 1987 from 1986		
				Total Changes	Program Changes	Other Changes
Federal Buildings Fund (Direct)	10,710	10,952	9,967	-985	-985	-
Federal Buildings Fund (Reimbursable)	2,373	1,886	1,050	-836	-836	-
Operating Expenses, FSS	3,367	3,300	2,900	-400	-400	-
Reimbursable Personal Property	437	430	390	-40	-40	-
Transportation Audits	-	-	-	-	-	-
General Supply Fund	854	852	852	-	-	-
Operating Expenses, IRMS (Direct)	475	500	486	-14	-14	-
Reimbursable IRMS	256	303	298	-5	-5	-
Federal Telecommunications Fund	1,383	1,733	1,639	-94	-94	-
Automatic Data Processing Fund	375	375	375	-	-	-
Operating Expenses, FPRS	496	499	492	-7	-	-7
Salaries and Expenses, GMA	2,459	2,151	1,980	-171	-171	-
Reimbursable GMA	119	167	122	-45	-45	-
Inspector General	373	422	422	-	-	-
Working Capital Fund	301	315	315	-	-	-
TOTAL *	23,978	23,885	21,288	-2,597	-2,590	-7

* Excludes Consumer Information Center: FY 1985, 19; FY 1986, 19; FY 1987, 19

96

GENERAL SERVICES ADMINISTRATION
Summary of Actual and Estimated
APPROPRIATIONS AND FUNDS
by Object Classification
for Fiscal Years 1985, 1986, and 1987
(in thousands of dollars)

		1985 Actual	% of Total Oblig	1986 Estimate	% of Total Oblig	1987 Estimate	% of Total Oblig	1987 Estimate Compared With 1985	1987 Estimate Compared With 1986
	Personnel compensation:								
11.1	Full-time permanent	632,161	9.8	633,565	9.5	615,880	8.2	(16,281)	(37,685)
11.3	Other than full-time permanent	19,546	0.3	14,954	0.2	11,816	0.2	(7,730)	(3,138)
11.5	Other personnel compensation	28,018	0.4	15,728	0.2	14,681	0.2	(13,337)	(1,047)
11.8	Special personal svcs payments	273	.0	288	.0	288	.0	15	0
11.9	Total personnel compensation	679,998	10.5	684,535	9.9	642,665	8.6	(37,333)	(41,870)
12.1	Personnel benefits: Civilian	96,531	1.5	86,609	1.3	80,777	1.1	(15,754)	(5,832)
13.0	Benefits for former personnel	3,332	0.1	3,272	.0	3,954	0.1	622	682
21.0	Travel/transportation of persons	11,410	0.2	12,760	0.2	13,176	0.2	1,766	416
	Motor pool travel	3,942	0.1	4,010	0.1	4,720	0.1	778	710
22.0	Transportation of things	55,018	0.9	57,302	0.8	60,710	0.8	5,692	3,408
23.1	Standard level user charges	62,354	1.0	61,019	0.9	62,385	0.8	31	1,366
23.2	Rental payments to others	835,626	12.9	890,863	12.9	940,834	12.5	105,208	49,971
23.3	Comm., util., & misc. charges	293,524	4.5	305,791	4.4	301,819	4.0	8,295	(3,972)
24.0	Printing and reproduction	14,113	0.2	14,760	0.2	16,004	0.2	1,891	1,244
25.0	Other services	1,792,298	27.7	2,077,947	30.1	2,526,091	33.6	733,793	448,144
26.0	Supplies and materials	2,257,016	34.9	2,207,566	32.0	2,383,166	31.7	126,150	175,600
31.0	Equipment	155,619	2.4	206,750	3.0	233,251	3.1	77,632	26,501
32.0	Lands and structures	69,980	1.1	163,960	2.4	130,380	1.7	60,400	(33,580)
33.0	Investments and loans	0	0.0	0	0.0	0	0.0	0	0
41.0	Grants, subsidies, contributions	21,621	0.3	34,874	0.5	20,939	0.3	(682)	(13,935)
42.0	Insurance claims & indemnities	142	.0	0	0.0	0	0.0	(142)	0
43.0	Interest and dividends	117,604	1.8	90,128	1.3	87,309	1.2	(30,295)	(2,819)
92.0	Undistributed	0	0.0	0	0.0	0	0.0	0	0
99.9	Total obligations	6,470,128	100.0	6,902,146	100.0	7,508,180	100.0	1,038,052	606,034

NOTE: Excludes Gramm-Rudman-Hollings reductions.

GENERAL SERVICES ADMINISTRATION
Summary of Actual and Estimated
GENERAL AND SPECIAL FUNDS (OPERATING APPROPRIATIONS)
by Object Classification
for Fiscal Years 1985, 1986, and 1987
(in thousands of dollars)

		1985 Actual	% of Total Oblig	1986 Estimate	% of Total Oblig	1987 Estimate	% of Total Oblig	1987 Estimate Compared With	
								1985	1986
	Personnel compensation:								
11.1	Full-time permanent	233,668	52.5	227,576	50.5	219,900	47.2	(13,768)	(7,676)
11.3	Other than full-time permanent	7,580	1.7	5,452	1.2	4,506	1.0	(3,074)	(946)
11.5	Other personnel compensation	4,570	1.0	4,061	0.9	4,599	1.0	29	538
11.8	Special personal svcs payments	273	0.1	288	0.1	288	0.1	15	0
11.9	Total personnel compensation	246,091	55.3	237,377	52.7	229,293	49.2	(16,798)	(8,084)
12.1	Personnel benefits: Civilian	31,583	7.1	29,584	6.6	28,546	6.1	(3,037)	(1,038)
13.0	Benefits for former personnel	818	0.2	1,170	0.3	1,671	0.4	853	501
21.0	Travel/transportation of persons	3,821	0.9	5,287	1.2	5,336	1.1	1,515	49
	Motor pool travel	996	0.2	939	0.2	1,071	0.2	75	132
22.0	Transportation of things	1,106	0.2	862	0.2	1,002	0.2	(104)	140
23.1	Standard level user charges	51,266	11.5	49,499	11.0	50,293	10.8	(973)	794
23.2	Rental payments to others	2,344	0.5	5,563	1.2	5,734	1.2	3,390	171
23.3	Comm., util., & misc. charges	22,139	5.0	25,674	5.7	26,611	5.7	4,472	937
24.0	Printing and reproduction	7,203	1.6	6,845	1.5	7,145	1.5	(58)	300
25.0	Other services	59,376	13.3	72,954	16.2	85,663	18.4	26,287	12,709
26.0	Supplies and materials	10,216	2.3	10,139	2.2	10,542	2.3	326	403
31.0	Equipment	8,050	1.8	4,846	1.1	13,379	2.9	5,329	8,533
32.0	Lands and structures	0	0.0	0	0.0	0	0.0	0	0
33.0	Investments and loans	0	0.0	0	0.0	0	0.0	0	0
41.0	Grants, subsidies, contributions	1	.0	2	.0	2	.0	1	0
42.0	Insurance claims & indemnities	25	.0	0	0.0	0	0.0	(25)	0
43.0	Interest and dividends	0	0.0	0	0.0	0	0.0	0	0
92.0	Undistributed	0	0.0	0	0.0	0	0.0	0	0
99.9	Total obligations	445,035	100.0	450,741	100.0	466,288	100.0	21,253	15,547

NOTE: Excludes Gramm-Rudman-Hollings reductions.

GENERAL SERVICES ADMINISTRATION
Summary of Actual and Estimated
REVOLVING, (PUBLIC ENTERPRISE & INTRAGOVERNMENTAL), MANAGEMENT, AND TRUST FUNDS
by Object Classification
for Fiscal Years 1985, 1986, and 1987
(in thousands of dollars)

		1985 Actual	% of Total Oblig	1986 Estimate	% of Total Oblig	1987 Estimate	% of Total Oblig	1987 Estimate Compared With 1985	1987 Estimate Compared With 1986
	Personnel compensation:								
11.1	Full-time permanent	398,493	6.6	425,989	6.6	395,980	5.6	(2,513)	(30,009)
11.3	Other than full-time permanent	11,966	0.2	9,502	0.1	7,310	0.1	(4,656)	(2,192)
11.5	Other personnel compensation	23,448	0.4	11,667	0.2	10,082	0.1	(13,366)	(1,585)
11.8	Special personal svcs payments	0	0.0	0	0.0	0	0.0	0	0
11.9	Total personnel compensation	433,907	7.2	447,158	6.9	413,372	5.9	(20,535)	(33,786)
12.1	Personnel benefits: Civilian	64,948	1.1	57,025	0.9	52,231	0.7	(12,717)	(4,794)
13.0	Benefits for former personnel	2,514	.0	2,102	.0	2,283	.0	(231)	181
21.0	Travel/transportation of persons	7,589	0.1	7,473	0.1	7,840	0.1	251	367
	Motor pool travel	2,946	.0	3,071	.0	3,649	0.1	703	578
22.0	Transportation of things	53,912	0.9	56,440	0.9	59,708	0.8	5,796	3,268
23.1	Standard level user charges	11,088	0.2	11,520	0.2	12,092	0.2	1,004	572
23.2	Rental payments to others	833,282	13.8	885,300	13.7	935,100	13.3	101,818	49,800
23.3	Comm., util., & misc. charges	271,385	4.5	280,117	4.3	275,208	3.9	3,823	(4,909)
24.0	Printing and reproduction	6,910	0.1	7,915	0.1	8,859	0.1	1,949	944
25.0	Other services	1,732,922	28.8	2,004,993	31.1	2,440,428	34.7	707,506	435,435
26.0	Supplies and materials	2,246,800	37.3	2,197,427	34.1	2,372,624	33.7	125,824	175,197
31.0	Equipment	147,569	2.4	201,904	3.1	219,872	3.1	72,303	17,968
32.0	Lands and structures	69,980	1.2	163,960	2.5	130,380	1.9	60,400	(33,580)
33.0	Investments and loans	0	0.0	0	0.0	0	0.0	0	0
41.0	Grants, subsidies, contributions	21,620	0.4	34,872	0.5	20,937	0.3	(683)	(13,935)
42.0	Insurance claims & indemnities	117	.0	0	0.0	0	0.0	(117)	0
43.0	Interest and dividends	117,604	2.0	90,128	1.4	87,309	1.2	(30,295)	(2,819)
92.0	Undistributed	0	0.0	0	0.0	0	0.0	0	0
99.9	Total obligations	6,025,093	100.0	6,451,405	100.0	7,041,892	100.0	1,016,799	590,487

NOTE: Excludes Gramm-Rudman-Hollings reductions.

OPEN GAO AUDIT REPORTS

INDEX

TAB	TITLE	GAO#	GSA#	STATUS
1	GSA should strengthen its management and cost control over ADP revolving fund activities	IMTEC-84-5		OPEN
2	Federal civilian agencies can better manage their aircraft and related services	PLRD-83-64		OPEN
3	GSA's telecommunication procurement program requires comprehensive planning and management	IMTEC-84-10		OPEN
4	Contracting for computer teleprocessing services can be improved	AFMD-83060		OPEN

100

100

GSA SHOULD STRENGTHEN ITS MANAGEMENT AND COST CONTROL OVER ADP REVOLVING FUND ACTIVITIES (GAO/IMTEC-84-5)

Recommendation: Clearly distinguish ADP related activities chargeable to the fund from those that are a normal part of GSA's mission.

Comment: This recommendation has four (4) steps for completion. Steps 1 and 2 are complete. The remaining steps will concern action to conduct a pilot to determine the feasibility of implementing draft guidelines. Then, as required and based on results of the pilot, develop expand guidance and circulate thru all levels of the implementing services management.

Recommendation: (a) GSA issue regulations requiring all agencies to perform routine, periodic analyses of computer leases; compare the costs of available refinancing alternatives; and select the most reasonable, cost-effective alternative. (b) GSA issue guidelines in seeking third-party competition and, specifically in transacting sale/leasebacks.

Comment: GSA's initial effort to determine the necessary controls and guidelines for alternatives to current leasing practices was to implement a pilot program for the leaseback of ADP and word processing equipment that would provide an experiential base from which the appropriate controls and guidance could be derived. The pilot program, however, did not generate much agency participation and, more importantly, did not identify any lease cases that were candidates for savings in a leaseback market. We propose that the most logical approach now is to identify and analyze the requirements for a viable program of alternatives to current leasing practices vs. the ramifications of such a program on the overall economic utilization of ADPE resources. Based on that analysis, we will develop theoretical guidance and regulatory change as appropriate.

Recommendation: GSA identify and revise, where it will enhance completion and be otherwise appropriate, those Federal contracting practices that the third-party industry believes act as major business impediments.

Comment: The major impediments set forth in the audit report were cancellation without penalty and multi-year contracting restrictions. Federal Information Resources Management Regulation 201-32.205-3 already provides for agencies to use a fixed-price options clause in contracts for ADPE that allows compensation to the contractor for discontinuance of a lease before the end of the fiscal year. In addition, in our Guidance Document that accompanies the standard Solicitation Document for ADP Equipment Systems, we encourage agencies to use that option clause that permits discontinuance only at the end of the fiscal year. As for the issue of multi-year contracting for ADPE raised by this recommendation, GSA has long supported proposed legislation for such. Congress, however, has yet to provide this authority.

Recommendation: GSA institute controls to ensure that the capital in the ADP Fund authorized for opportunity buys is available and used only for that purpose unless it can justify to OMB that capital reserved for opportunity buys can be used more effectively for other ADP Fund programs.

Comment: The budget process in a revolving fund does not reserve capital for a particular program. It merely authorizes a level of spending authority, if capital is available. Based on the current cash/capital status of the ADP Fund, there is no cash available for any capital outlay investment. Therefore, to implement this recommendation we will (a) survey the Government-wide market potential for use of the Opportunity Buy Program; (b) determine the appropriate additional level of capital needed and the feasibility of requesting that capital from OMB to support the Opportunity Buy Program; and (c) develop a method of determining use of available cash for ADP Fund programs.

FEDERAL CIVILIAN AGENCIES CAN BETTER MANAGE THEIR AIRCRAFT AND RELATED SERVICES
(GAO/PLRD-83.64), JUNE 24, 1983

Recommendation: Establish a Government-wide civilian aircraft management information system.

Comment: The first set of reports has been fowarded to agencies, and efforts to improve the statistical reliability of the information system will be ongoing.

At this time, GSA is actively analyzing our appropriate role and the potential impact in each of the additional four areas of recommendation 1 in which the General Accounting Office (GAO) suggested GSA become involved. We plan comprehensive action-oriented approaches in each area and will be forwarding decision papers or memoranda proposing a GSA position. The following items address our current plans in each of the additional four parts of recommendation 1.

Procurement: We are carefully analyzing the cost and benefits of centralized aircraft procurement through GSA or by third party agencies for GSA. A decision paper is near completion on this subject; it essentially allows for an amendment to the Memorandum of Understanding (MOU) with Interior's Office of Aircraft Services and/or establishment of an additional MOU to perform this service on an as-needed basis for agencies, at little or no cost to GSA.

Standardized Procurement Policy and Practices: One area in particular is currently being addressed. Short-term procurement of aircraft is being analyzed; we have identified problems in short-term procurement of charter aircraft and are working to remedy the situation. Other concerns raised by GAO in the policies and practices area will be addressed in the central procurement package.

A-76 Enforcement: These concerns have been addressed in the procurement analysis package.

Safety Standards: We have confirmed that GAO's concerns with the lack of safety standards are still valid and, therefore, tentatively plan to fill this regulatory void. In addition, we plan to become involved in existing aircraft-oriented industry and agency safety councils to further gather information for possible use in regulation development. The organization of an interagency aviation safety committee by GSA is being considered as a tool for the establishment of safety standards for aircraft operations.

Because of the sensitive ground-breaking nature of these actions, and the uncertainty of timeframes on issues, firm completion dates cannot be established at this time.

GSA's TELECOMMUNICATION PROCUREMENT PROGRAM REQUIRES COMPREHENSIVE PLANNING AND MANAGEMENT
IMTEC-8410, JUNE 11, 1984

Recommendation: Issue a RFP to competitively procure the equipment that is currently leased under novation agreements with the American Telephone and Telegraph Information Systems (ATTIS).

The recommendation had four steps, the first three have been completed. The fourth, initiate Indefinite Delivery/Indefinite Quantity Contracts which will be competitively awarded, will be substantially completed by February 28, 1986.

CONTRACTING FOR COMPUTER TELEPROCESSING SERVICES CAN BE IMPROVED (GAO/AFMD-83060), JUNE 20, 1983

Recommendation: To reduce the cost of teleprocessing services, we recommend that agency heads seek to replace sole source contracts through competitive procurements in all possible cases.

This recommendation has six steps. The first four have been completed as follows:

STEPS	STATUS
Step 1 - Draft RFP for competitive procurement to replace sole source for GSA/PBS.	Issued 6/15/83
Step 2 - Complete revised technical specifications received in KECP	Completed 4/1/84
Step 3 - Issue final RFP for hardware/facilities management contract	Issued 7/2/84
Step 4 - Award hardware/facilities management contract	Awarded 8/16/85

Remaining Steps

Step 5 - 'Begin DBMS conversion' - Due to the delay in the award of the hardware and facilities management contract the projected milestone date of 6/85 was not met. PBS is currently developing a detailed conversion plan which will determine how much of the current software will be converted or redesigned and how it will be accomplished. DUE 1/31/86.

Step 6 - 'Achieve full operations (terminate sole source contract)' -Due to delays in the conversion/redesign efforts and the required site preparation efforts the projected milestone date of 2/28/86 will not be met. PBS has forwarded an amendment to their Delegation of Procurement Authority (DPA) for approval requesting an 18 to 27 month sole source extension to the contract with Computer Sciences Corporation. Approval is expected by mid-January 1986.

FY 1986 BUDGET AUTHORITY INCLUDING GRAMM, RUDMAN, HOLLINGS REDUCTIONS
SUMMARY*
$(THOUSANDS)

	Enacted	Functional Transfers 1/	Current Program	Gramm-Rud Reduction	Revised Available
Federal Buildings Fund	7,000	-	7,000	-301	6,699
Operating Expenses, FSS	163,257	6,813	170,070	-7,313	162,757
Transportation Audit Contracts	5,200	-	5,200	-	5,200
Operating Expenses, IRMS	30,000	77	30,077	-1,293	28,784
Operating Expenses, FPRS	40,000	-	40,000	-,1,892	38,108
Expenses, Disposal	3,668	-	3,668	-158	3,510
Nat'l Defense Stockpile Transaction Fd.	20,000	-	20,000	-980	19,020
Nat'l Defense Stockpile (Unobl'g. bal.)	(725,954)	-	(725,954)	(-35,572)	(690,382)
General Management & Administration	124,310	-7,540	116,770	-5,021	111,749
Office of Inspector General	19,305	650	19,955	-858	19,097
Former Presidents	1,100	-	1,100	-35	1,065
Total Budget Authority	413,840	-	413,840	17,851	395,989

1/ Transfers are: $6,813 from GMA to FSS for Transportation Audits, and $727 from GMA to IRM ($77) and I.G. ($650) for functions of Office of Policy and Management Systems which was abolished.

* Excludes Consumer Information Center

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Federal buildings fund

Account ID code: 23-05-4542-x-4-804-A; 47-4542

Source: House Report 99-349

	Budgetary Resources	
	Base	Sequester
Program, project, activity		
1. Budget authority (appropriation to revolving fund, without specified activities)	7,000	301
Total	7,000	301

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Federal supply service

Account ID code: 23-10-0116-x-1-804-A; 47-0116

Source: Senate Report 99-133

	Budgetary Resources	
Program, project, activity	Base	Sequester
1. Supply	135,924	5,845
2. Transportation	16,742	720
3. Property Management	17,404	748
Total	170,070	7,313

BLANK PAGE

BLANK PAGE

BLANK PAGE

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Operating expenses, information resources management service

Account ID code: 23-15-0900-x-1-804-A; 47-0900

Source: Senate Report 99-133

	Budgetary Resources	
	Base	Sequester
Program, project, activity		
1. Federal information resources management	7,410	318
2. Central information services	4,044	174
3. Information resources procurement	4,698	202
4. Regional information services	7,048	303
5. GSA information systems	6,160	265
6. Information security oversight office	717	31
Total	30,077	1,293

110

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Operating expenses, federal property resources service (Defense)

Account ID code: 23-25-0533-x-1-054-A; 47-0533

Source: Senate Report 99-133

	Budgetary Resources	
	Base	Sequester
Program, project, activity		
1. National Defense stockpile	28,586	1,401
Total	28,586	1,401

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Operating expenses, federal property resources service (General)

Account ID code: 23-25-0533-x-1-804-A; 47-0533

Source: Senate Report 99-133

	Budgetary Resources	
	Base	Sequester
Program, project, activity		
1. Real property	11,414	491
Total	11,414	491

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Expenses, disposal of surplus real and related personal property

Account ID code: 23-25-5254-x-2-804-A; 47-5254

Source: 1986 Budget Appendix (non-appropriation account)

	Budgetary Resources	
	Base	Sequester
Program, project, activity		
Disposal-Real Property:		
1. Appraisers' fees	1,000	43
2. Auctioneers and brokers fees and surveying	268	11
3. Advertising	1,900	82
Outleasing-Government-owned space:		
4. Appraisers' fees	200	9
5. Auctioneers and brokers fees and surveying	185	8
6. Advertising	115	5
Total	3,668	158

Fxhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: National defense stockpile transaction fund

Account ID code: 23-25-4550-x-3-054-A; 47-4550

Source: H.R. 3036 and House Report 99-349

	Budgetary Resources	
Program, project, activity	Base	Sequester
1. Grant, Phase II, Mines Building, MacKay School of Mines, Reno, NV	10,000	490
2. Grant, Strategic Materials Research Facility, University of Massachusetts, Amherst, MA	10,000	490
3. (Unobligated balances-Defense)	(725,954)	(35,572)
Total	20,000	980

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: General management and administration, salaries and expenses

Account ID code: 23-30-0110-x-1-804-A; 47-0110

Source: House Report 99-210; Senate Report 99-133

Program, project, activity	Budgetary Resources Base	Budgetary Resources Sequester
1. Executive direction	3,324	143
2. Comptroller	52,252	2,247
3. Administration	32,960	1,417
4. Supt. for Congressional State and District Offices	900	39
5. Board of Contract Appeals	1,953	84
6. Legal Services	8,066	347
7. Acquisition Policy	7,161	308
8. Field Administration	10,154	436
Total	116,770	5,021

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Allowances and office staff for former Presidents

Account ID code: 23-30-0105-x-1-802-A; 47-0105

Source: House Report 99-210; Senate Report 99-133

	Budgetary Resources	
Program, project, activity	Base	Sequester
1. Office staff	821	35
Total	821	35

Exhibit B

Page 1 of 1

PROGRAM, PROJECT, ACTIVITY DETAIL
($000)

Agency: General Services Administration

Account Title: Office of Inspector General

Account ID code: 23-30-0108-x-1-804-A; 47-0108

Source: House Report 99-210; Senate Report 99-133

	Budgetary Resources	
	Base	Sequester
Program, project, activity		
1. Budget Authority	19,955	858

No programs, projects, or activities

BLANK PAGE

TUESDAY, MARCH 11, 1986.

PUBLIC BUILDINGS SERVICE

WITNESSES

RAYMOND A. FONTAINE, COMPTROLLER

WILLIAM F. SULLIVAN, COMMISSIONER

STUART I. SMITH, EXECUTIVE DIRECTOR

JO-ANNE D. VENNEBERG, ACTING ASSISTANT COMMISSIONER FOR FACILITY PLANNING

ROBERT J. DILUCHIO, ACTING ASSISTANT COMMISSIONER FOR REAL PROPERTY MANAGEMENT AND SAFETY

JOHN T. MYERS, ACTING ASSISTANT COMMISSIONER FOR REAL PROPERTY DEVELOPMENT

Mr. ROYBAL. The Committee will now hear from the Public Buildings Service. Mr. Fontaine, will you please proceed in any manner you wish.

Mr. FONTAINE. Thank you. I would like to introduce Bill Sullivan, Commissioner of the Public Buildings Service, and let him proceed and introduce his people as he chooses.

Mr. SULLIVAN. Mr. Chairman, I have a statement, but I will submit that for the record.

I would like to introduce Stuart Smith, our Executive Director; Bob DiLuchio, who is head of buildings management and protection; Jo-Anne Venneberg, head of facility planning; and John Myers, who is head of our design and construction and real estate area.

We would be pleased to answer any questions the Committee has.

OPENING STATEMENT

Mr. ROYBAL. Your entire statement will be in the record at this point.

[Statement follows:].

STATEMENT BY WILLIAM F. SULLIVAN

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE

SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT

TUESDAY, MARCH 11, 1986

Mr. Chairman, Members of the Subcommittee, it is a pleasure for me to appear before you today to discuss the Fiscal Year 1987 Budget for the Public Buildings Service.

I would like to thank the staff of the Subcommittee for their courtesy and cooperation during my first year as Commissioner.

Last year when I appeared before you for the first time, I outlined three initiatives for improving Federal facility planning. At this time I would like to report to you on our progress during the past year.

First, we have implemented a system for prioritizing potential capital projects on a nationwide basis. The criteria used in this process place primary emphasis on correcting safety deficiencies, satisfying national security requirements, and fulfilling legislative mandates, such as space required by the Courts as a result of the Omnibus Judgeship Act, P.L. 98-353. Projects which fall under one or more of these categories are ranked highest in priority. Economic factors are applied to prioritize the remaining projects. The projects included in our 1987 budget request reflect the outcome of this process.

Second, we have greatly enhanced our planning data base through the development and use of community planning data and the development of community housing strategies which include extensive information on community demographics, space projections and rental estimates.

Lastly, we have increased tenant participation in the facility planning process. For the 1987 cycle, we initiated an annual agency call which requested long-range information on agency space requirements. This information was used in the formulation of our FY 1987 budget request.

In addition to making significant progress in the planning area, we are also continuing to implement the recommendations of the Cabinet Council on Management and Administration.

For the 1987 budget cycle, we worked closely with the Office of Management and Budget to develop and issue an improved budget call for real property space projections from each agency as part of OMB Circular A-11.

In the area of locational policy, we are committed to locating new leases in lower cost rental areas wherever this is compatible with agency mission requirements. This action is essential to curtailing our ever-increasing leasing costs.

In the area of buildings management, we are proceeding to expand the delegations of authority program to all single-tenant buildings nationwide by 1987, and will educate our client agencies in building operations to prepare them for accepting their new responsibilities. We have also developed a new Commercial Facilities Management Performance Work Statement Guideline to let total building service contracts with the private sector, thereby greatly streamlining and simplifying contracting procedures.

In the area of design and construction we are expanding our use of the Construction Management concept, which will increase our use of the private sector to develop and manage design and construction of major projects. We have also initiated a program to incorporate advanced building technologies into four major projects to be designed during FY 1986. This will add to the three pilot projects that are already under design. Advanced building technologies will increase Federal productivity, achieve greater energy efficiency, and provide greater flexibility for interior office design.

I look forward to working with the Subcommittee in making continued progress on these and other PBS initiatives to improve Federal real property management.

I would now like to discuss the specifics of our FY 1987 budget request.

We are requesting $2.4 billion in new obligational authority for the Federal Buildings Fund in Fiscal Year 1987. $534 million or 22 percent is earmarked for our capital budget. The primary components of the capital budget are new construction, building purchases, and repairs and alterations. Last year our capital budget emphasized construction of special purpose space. The FY 1987 budget emphasizes upgrading our existing inventory through the Repairs and Alterations activity, and reducing leased space costs through the Building Purchase program.

We are requesting $362 million for Repairs and Alterations which will be used to fund four key activities. Essential health and safety improvements are our top priority item. Our request for this category includes the first of three years' phased funding for the removal of PCB transformers, and the continuation of funding for asbestos abatement projects. Second, additional space will be provided for expansion of the U.S. Courts, primarily resulting from the Omnibus Judgeship Act. Third, over 600,000 square feet of vacant Government-owned space will be renovated for occupancy, thereby allowing us to relocate tenants from costly leased space. Finally, the balance of our request (approximately one-half of the dollars) will be targeted for the basic repair work that is essential to maintaining our inventory in a safe and operating condition.

Our FY 1987 capital budget request also includes $93 million for the purchase of commercial buildings. The purchase of existing buildings is the most timely method of realizing the economic benefits of Government ownership by reducing our reliance on costly leased space.

We are continuing to work closely with the Treasury and State Departments on the provision of border station facilities. To this end, we are requesting FY 1987 capital budget funds to purchase a leased facility at Wellesley Island, New York and to construct a new border station at the Columbus, New Mexico crossing.

Our 1987 operating budget request of $1.87 billion reflects an increase of $84.4 million or 5 percent over FY 1986, and will enable us to continue at FY 1986 service levels. GSA initiatives to restrain operating costs, such as streamlining our organizational structure, in-house productivity improvements and increased contracting-out of operational activities, will continue in FY 1987.

With respect to the level of personnel, PBS will decrease its workyear usage by 14 percent from FY 1986 levels to 11,863 work years in 1987. Reductions in employment will be achieved by increased contracting to the private sector, by attrition of in-house staff, and by transferring the responsibility for operating their Fort Meade facility to the National Security Agency.

It is our RENT income, previously known as SLUC, which finances our programs. The requested rates for FY 1987 represent a 7 percent increase over FY 1986 rates and 15 percent discount from commercially equivalency. This is a relatively modest increase considering the fact that 1986 rates were frozen at 1985 levels. Our customer agencies' budgets provide for this increase in rates. The Administration's position is that any reduction in RENT charges should result from space reduction, rather than from further rate reductions.

This concludes my remarks. If you have any questions, we will be glad to answer them at this time.

FBF FINANCIAL CONDITION

Mr. ROYBAL. We will proceed then and ask questions with regard to your written statement and your request.

Now, what is the overall financial condition of the Federal Building Fund, and what are the long-term prospects?

Mr. SULLIVAN. I think the condition is a fairly good one for 1987. We will have over $2.4 billion in available resources in fiscal year 1987 primarily from RENT income. We have requested new obligational authority of a little over $2.4 billion for fiscal year 1987. We are actually budgeting a little bit less this year than our available resources.

Mr. ROYBAL. Can you tell the Committee how that fund is replenished and whether or not you are getting any complaints from the various agencies?

Mr. SULLIVAN. Mr. Chairman, as the Administrator showed in his chart, we receive income primarily through RENT payments. We have not recently received any significant complaints with respect to the RENT system. Obviously, there are agencies who would like to be able to pay less or receive more out of the Fund in terms of repairs and alterations projects. But essentially, I think the Fund is working reasonably well.

Mr. ROYBAL. We have received complaints from members of Congress who tell us that agencies have to pay more for rent now than they did before.

Mr. SULLIVAN. Yes.

Mr. ROYBAL. Their argument is that they should be paying less under Gramm-Rudman. Why are they paying more?

Mr. SULLIVAN. Our basic law directs GSA to charge agencies at rates which approximate commercial charges for space and related services. Our own fixed costs, however, represent 78 percent of the fund. That is the reason we are continuing to request that they pay at the full level. We really do not have any choice.

Mr. FONTAINE. Mr. Chairman, if agencies want to reduce their RENT bill, they should give up space. We have a law that says we must charge a market rate. They can give up space. That is the fair way to do it.

If there were to be a RENT freeze, the income will start drying up. There would be no money to do the Oakland project or whatever.

Everybody would like phone bills frozen, rent frozen, motor pool rates frozen. But there are fixed costs that have to be passed on. If agencies want to reduce their budgets, obviously rather than RIF employees, they would have to reduce their use of GSA services. They will be given a credit.

Mr. ROYBAL. How can they give up space, Mr. Fontaine when, as you told this Committee, the need for space is so great? If agencies need more space, we need to build even——

Mr. FONTAINE. We were showing that although square footage will decline, the cost will go up because those inexpensive leases of the '70s, which are at $5 and $6 per foot will never be seen again. We are going to experience 300, even 400 percent increases when they are renewed. If we kept a level square footage, these costs would be going through the ceiling.

SPACE UTILIZATION RATE AT 135 SQ FT

Mr. **Roybal**. What you are saying is that the agencies then must decrease their space usage in the years to come?

Mr. **Fontaine**. There is an executive order which requires all agencies to achieve an average space utilization rate of 135 square feet per person by 1990. Agencies are saying that they are reducing employment. Why should space stay the same if they are reducing employment?

Mr. **Roybal**. GSA has decreased employment by how many thousand in the last year?

Mr. **Fontaine**. GSA?

Mr. **Roybal**. Yes.

Mr. **Fontaine**. Approximately 2,700.

Mr. **Roybal**. Have you decreased space?

Mr. **Fontaine**. Yes. GSA is at the 135 square feet per person.

Mr. **Roybal**. You set the example then? You are operating at 135 square feet per person.

Mr. **Fontaine**. Yes, although we are squeezed.

Mr. **Roybal**. If they comply, other agencies, too, will be squeezed?

Mr. **Fontaine**. It is tight, but it can be done.

Mr. **Early**. Our Government wide average figures show that we are moving toward the 135 square feet per person goal.

Mr. **Roybal**. Is it efficient that these agencies go into smaller spaces?

Mr. **Sullivan**. It can very well be, Mr. Chairman. With many of our projects, we find that by using modular furniture and proper designs, we can have an efficient operation, not a cramped operation, and get down to approximately 120 square feet. The new Boston Federal Building is at 120 square feet.

Mr. **Roybal**. Can you tell me how much 120 square feet is? How many square feet are in this room?

Mr. **Sullivan**. About 600.

Mr. **Roybal**. Now, if you had desks and everything—

Mr. **Fontaine**. You could put about five people in here.

Mr. **Hoyer**. If our employees had 135 square feet, they would think they had died and gone to Heaven.

Mr. **Roybal**. Congress has to work under very tight conditions.

Mr. **Fontaine**. I understand that.

Mr. **Roybal**. I was wondering what the trend is. Is it to reduce space? And if so, will we need all these new buildings that we are planning to construct?

Mr. **Fontaine**. There again, with new construction, you are talking about replacing expensive leases. In some places you are going to have bureaucrats no matter what. Why pay to rent a building in San Francisco when you can own the building in Oakland?

Mr. **Roybal**. I suppose the argument would be wherever the property is high, rents are high—

Mr. **Sullivan**. That is right.

Mr. **Roybal**. Therefore, you can justify building a building.

Mr. **Sullivan**. That is right.

Mr. **Roybal**. That includes locations like Oakland, Los Angeles, and New York.

Mr. FONTAINE. All those.

Mr. SULLIVAN. Washington, DC.

HEALTH AND SAFETY

Mr. ROYBAL. Now, with regard to repairs and alterations, to what extent is there a backlog in correcting safety and health hazards in public buildings?

Mr. SULLIVAN. We have an inventory of nearly $2 billion worth of all types of work. It is not really a backlog. It is an inventory of work to be accomplished over the next five years. The health and safety program is approximately $650 million.

That is why we are asking for a larger repairs and alterations budget in fiscal year 1987. We must significantly increase our repairs and alterations budget in order to bring that inventory down.

Mr. ROYBAL. In the buildings that you lease, are you also responsible for the safety conditions?

Mr. SULLIVAN. In leased space?

Mr. ROYBAL. Yes.

Mr. SULLIVAN. Generally not. Usually it is the lessor who services leased buildings. However, we have asked lessors about the conditions in their buildings with respect to PCBs and asbestos. When they indicate there are PCBs or asbestos present, we are asking them to fix those types of situations.

SECURITY IN PUBLIC BUILDINGS

Mr. ROYBAL. Have you increased security in public buildings in the last few years because of terrorism?

Mr. SULLIVAN. We have maintained security at a reasonable level. We have added technical equipment, scanners, video equipment and things of that sort, to buildings. We have a task force, which is looking at the quality of our contract guards, such as their training, and their qualifications. We are also looking at Federal Protective Officers to see whether or not we need to improve their training.

We are considering looking to the local police for more support. We have an ongoing program to review the entire security area, and we should have a full report in a couple of months. We will provide additional information for the record.

[The information follows:]

BUILDING SECURITY

The Federal Bureau of Investigation (FBI) reported two attempted bombings and 11 actual bombings during calendar year 1984 involving U.S. targets. No deaths or injuries were reported. Five of 13 were directed against Government buildings and property. None of the 13 were directed against GSA-controlled facilities.

The FBI reported seven terrorist incidents in the United States during 1985 as of January 22, 1986. One of the seven were directed against a GSA-controlled facility. On January 25, 1985, a light anti-tank weapon was discharged from the fourth floor of a parking garage located across the street from the U.S. Courthouse, old San Juan, Puerto Rico. No injuries or deaths were reported.

In light of the above statistics, the Public Buildings Service in coordination with the Department of Defense, Justice and State Departments has increased security at several national defense and sensitive facilities, such as the Pentagon, Justice and State Department buildings. On November 29, 1985, new national policies dealing with the protection of agency heads and other VIP dignitaries on GSA-controlled property were implemented. Contingency plans have been developed for use in dealing with emergency situations such as terrorist activities.

GSA's commitment to adequately protect lives and property as a result of any emergency situation will continue through the use of available protection resources.

SECURITY IN L.A. OFFICE

Mr. **Roybal**. In the Los Angeles office, the security has improved, as has maintenance.

Mr. **Sullivan**. I am glad to hear that. I talked to Ed Thomas about it.

Mr. **Roybal**. One of these days I may even write a letter complimenting it.

Mr. **Sullivan**. After our last hearing I had a conversation with Ed. And he said he would take care of that.

JANITORIAL SERVICES

Mr. **Roybal**. With regard to "real property operations," what level of cleaning service do you now have, and what is projected for 1987?

Mr. **Sullivan**. Currently, we are providing a daily level of cleaning service equivalent to that provided by the private sector. This includes but is not limited to: daily trash removal, dusting, vacuuming, restroom cleaning, etc. In order to stay within current resource levels, selected periodic cleaning services such as drapery cleaning, window washing, and carpet shampooing are being deferred until a later date.

For FY 1987, we expect to continue to provide cleaning services at the commercially-equivalent level.

CONTRACTING OUT

Mr. **Roybal**. Thank you very much. Another thing I am interested in is the status of contracting out jobs with regard to sheltered workshops, with regard to veterans and so forth. What is happening there?

Mr. **Sullivan**. We are not allowed to contract out any positions which are encumbered by veterans as per the Edgar Amendment. The NISH program applies when we are able to place veterans in other government jobs. GSA has 80 NISH contracts in effect in fiscal year 1986.

Mr. **Roybal**. Thank you very much.

Mr. Skeen.

COST OF RENTAL SPACE

Mr. **Skeen**. Thank you very much.

I want to associate myself with the remarks Mr. Hoyer made.

I want to ask you just one question about building saturation. It has become obvious to me that we have a tremendous building surplus going on nationwide. What does it do to the overall market, and the effect of the square footage rental rates? How does that affect GSA, if at all, or does it?

Mr. **Sullivan**. Rental rates have been increasing in the last several years.

Mr. **Skeen**. Even in light of the fact we have got so much vacant space?

Mr. **Sullivan**. Yes. In certain markets, however, they have begun to decline; Houston, Dallas, in some other places where there are overbuilt conditions. We anticipate that there may be some further decline. Overbuilding conditions are just becoming serious now in these areas.

Mr. **Skeen**. What about the Washington area?

Mr. **Sullivan**. Thus far, no. However, we anticipate in certain areas of the city that this may begin to occur. We may find that there will be a stabilization of rent in the near future. I do not know that we will see it decline, but it may stabilize.

Mr. **Roybal**. It seems almost unbelievable to me that you can have this much construction without rent stabilization.

Mr. **Sullivan**. The vacancy rates have started going up only recently in Washington. They are 10 to 15 percent now, but prior to that they had been at about the 10 percent level.

Also I would anticipate a decline in private construction of buildings. The construction industry, as you know, goes through cycles. I think we are at the peak of this cycle now.

Mr. **Skeen**. If we mess with the Tax Reform Bill, they will lose some of the advantage of that?

Mr. **Sullivan**. It is already starting to dry up, but that will accelerate it.

Mr. **Skeen**. I know it has to have some market effect on rental rates. And you keep saying it is going up.

Mr. **Fontaine**. This city is strange or unique. In my own opinion, one way to make an impact on this market is to move four or five big agencies to the suburbs.

Mr. **Skeen**. Begin to dilute the central core.

Mr. **Fontaine**. Even with vacant space rental fees remain high. It is just strange here.

Mr. **Skeen**. Reducing space per person is very interesting. Those of us who have Congressional offices would appreciate any spare space left over, we would like very much to have it.

Thank you, Mr. Chairman.

Thank you, Mr. Sullivan.

Mr. **Roybal**. Mr. Akaka.

Mr. **Akaka**. Thank you very much.

Commissioner Sullivan, it is good to have you here. I just hope that your first year has been a good year.

Mr. **Sullivan**. It has been a very good year. I have enjoyed it.

FEDERAL BUILDING, HAWAII

Mr. **Akaka**. I have about three questions for you. I know that GSA is making every attempt to fulfill the legislative mandates such as the Courts and Federal Judgeship Act of 1984, and that you have taken it as a priority.

Last year I asked you about the construction of additional court facilities at the Federal Building in Hawaii. And you said that the plan for this project was to seek design funding in fiscal year 1987. And my question to you, is that reflected in the FY-1987 budget?

Mr. **Sullivan**. Yes, it is.

Ms. **Venneberg**. There is a line item for construction of the project totalling $1,850,000 in the fiscal year 1987 budget.

HEALTH AND SAFETY REPAIRS

Mr. **Akaka**. My second question is about repairs and alterations of existing facilities. The second major goal of the Administrator was to ensure health and safety conditions. Will the proposal for repair and alterations cure the problems of inventory or are the problems such that annual maintenance is required?

Mr. **Sullivan**. We have significantly increased our budget for health and safety projects. Approximately $100 million is the amount we will be spending in fiscal year 1987. We project a requirement for $650 million for health and safety related expenses in the next several years. This will be an ongoing program, and I think we are on top of it. We have a good handle on the PCB and asbestos problems, and we are budgeting for this work as funds are available.

Mr. **Akaka**. I see. I hope that these repair and alterations would in a sense be viewed as saving money in the long run.

Mr. **Sullivan**. I think it can.

ASBESTOS ABATEMENT

Mr. **Akaka**. My last question has to do with asbestos abatement. You mentioned that in your testimony, that this will continue in the proposed budget. Can you tell me what the status of the program is and the time necessary to complete it, if you know that.

Mr. **Sullivan**. We have completed 22 of our top 45 projects. We have surveyed all of our Federally owned buildings, and have identified 45 projects as top priority and have completed 22. We have started design on the rest of them in fiscal year 1986. We are scheduling in this fiscal year 1987 budget two projects for a total cost of $18 million. We will be scheduling the remainder of the projects in future years.

Mr. **Akaka**. Do you have an idea when you will complete the 40 or so projects?

Mr. **Sullivan**. We are shooting for 1990.

Mr. **Akaka**. Are some of these that are being considered as part of the asbestos abatement program going to be disposed of?

Mr. **Sullivan**. The buildings?

Mr. **Akaka**. Yes.

Mr. **Sullivan**. No, sir. Those are all buildings in which a long-term Government presence is required.

Mr. **Akaka**. Fine. Thank you very much. Thank you, Commissioner.

Mr. **Roybal**. Thank you.

Any other questions?

Mr. Coleman?

BORDER CROSSINGS

Mr. **Coleman**. Thank you Mr. Chairman. Over the past year, the GSA Inspector General's Office has conducted a rather exhaustive audit of the border crossings program as administered by your agency. This audit has revealed certain questionable actions on the part of regional personnel in implementing this program in a cost-effective and competent manner. For the record, could you briefly indicate what substantive program changes you have enacted to ensure that GSA plays a more effective role as far as the border crossings program is concerned?

Mr. SULLIVAN. The GSA Inspector General reviewed the procedures and decision-making process involved in providing border station facilities for inspection agencies at the new bridge at Presidio, Texas. He questioned the decision to lease rather than federally construct the border station. In a second, more general audit review of border stations primarily on the U.S./Mexico border, he again suggests that a policy of ownership of border stations would be to the advantage of the Government.

The Public Buildings Service is preparing to issue a more formal policy of ownership of border stations. In fact, there has been such an informal policy. Of the 101 total GSA-controlled border stations, 79 are Government-owned.

Further, GSA has proposed a change in the coordination process with respect to international bridges and border crossings. The Department of State currently coordinates the process. Under our proposal, GSA would assume coordination responsibility for border station project implementation in the U.S. after exchange of diplomatic notes with Mexico. This seguential responsiblity follows the actual pattern of project accomplishment and will allow GSA to pursue project implementation more effectively.

To improve both communication among Government agencies and the ability to identify desired projects and establish timetables, GSA has proposed a more formal interagency relationship. By Memorandum of Agreement between each participating agency and the Department of State, the roles and responsibilities of each agency and of the interagency group can be defined. Those responsibilities would include a joint review of bridge or border crossing projects submitted for the approval of any one agency.

We are discussing our proposals with the Department of State and affected Federal agencies.

Mr. COLEMAN. Regarding the proposed crossing project in Ysleta, Texas—also known as the Zaragosa Bridge—what is the status of both the project itself and the funding currently earmarked for it?

Mr. SULLIVAN. The Government of Mexico and the United States have planned this new bridge for several years. With the decline in Mexico's economy, however, the project was deferred. Mexico intends to reconsider it this year for possible funding in 1987. There has been progress on this project. Mexico requested the State of Texas to design the Mexican portion of the bridge as well as the U.S. portion. Representatives from Mexico, the State of Texas, the City of El Paso, and GSA met recently to discuss the project. We believe we will be able to proceed with preliminary design on the border station before the end of the fiscal year.

Meanwhile, GSA obtained funding for the U.S. border station in the FY 1985 Continuing Resolution, P.L. 98-473. Construction funds have not been obligated pending a commitment by Mexico to proceed with the bridge construction. As of February 1986 obligations for preliminary design work in the amount of $2,216 have been incurred. We anticipate additional design obligations will be incurred before the end of this fiscal year. Pursuant to P.L. 98-473, these obligations are sufficient to retain the availability of the construction funds.

Mr. COLEMAN. The completion of the border crossing at Presidio, Texas, has remained a somewhat elusive goal. Again for the record, could you respond to the following:

When will ongoing lease negotiations be formalized between GSA and the landowner?

Mr. SULLIVAN. I expect the lease agreement to be signed by March 31, 1986.

OPENING DATE

Mr. COLEMAN. What is the projected opening date for the entire crossing?

Mr. SULLIVAN. The bridge opening is scheduled for April 15, 1986. A ceremonial opening will be scheduled approximately three weeks later.

INTERIM FACILITY

Mr. COLEMAN. What is the expected cost for the erection of temporary facilities while the permanent station is being built?

Mr. SULLIVAN. The total cost of the interim facility is $347,718. Of that amount $203,391 is for buildings and materials that will be relocated and reused; $48,000 is for items which will be used in the permanent facility; and $96,327 is for items which cannot be used elsewhere or used in the permanent facility.

Mr. COLEMAN. Have the inspection agencies expected to occupy these temporary facilities expressed any reservations about doing so? What steps has GSA taken to address those concerns?

Mr. SULLIVAN. The U.S. Customs Service has expressed a concern that the temporary facilities may be required for a prolonged period. Mr. Golden has written Mr. von Raab, Commissioner of the Customs Service, to personally assure him that the permanent facilities will be ready for occupancy no later than September 1987.

BRIDGE OF THE AMERICAS

Mr. COLEMAN. Could you provide for the record information on the proposed expansion of the import lot at the Bridge of the Americas at El Paso, Texas? I would like to know the status and whether or not the project could be moved forward?

Mr. SULLIVAN. We currently do not have a project to expand the import lot at the Bridge of the Americas; however, an engineering review of traffic safety problems will be performed this year to provide recommendations and cost estimates, and to initiate a project. A preliminary feasibility study identified the following items which will be considered in the engineering review: widening the traffic lanes for export (south bound) truck inspection and construction of a pullout lane; widening the entrance to the import (north bound) lot to create an easier turn for trucks; and relocating the "one-stop booth" further back into the lot to reduce congestion at the entrance and to increase the truck maneuvering area. Once the entire scope of work is identified, funding for the proposed project will be provided in FY 1987. It is expected that this work can be accomplished without a prospectus and that construction can be completed within one year of funding.

Mr. **Roybal**. Thank you, Mr. Coleman. Are there any further questions, Mr. Hoyer?

Mr. **Hoyer**. Thank you, Mr. Chairman.

FEDERAL LEASES

Mr. **Hoyer**. Would you supply the Committee with a list of all federal leases in the Washington metropolitan area that will expire in the next ten years along with how much rent is currently being paid on those leases?

Mr. **Sullivan**. There are 328 individual leases in the Washington area which will expire in the next 10 years. The current annual rent on these leases is $293,866,715.

[A listing of the leases follows:]

HBGKA0 LEASES EXPIRING IN THE NEXT TEN YEARS IN THE WASHINGTON METROPOLITAN AREA

RUN AS OF 03/17/86

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LDC60066	WASHINGTON D C	600 E STREET NW	6.69	344,392	$2,304,780	03/01/76	03/31/86	DC
LDC60172	WASHINGTON D C	1900 HALF ST SW	4.37	656,196	$2,865,332	08/15/76	08/14/86	DC
LDC70010	WASHINGTON D C	6031 KANSAS AVE NW	1.66	50,114	$83,320	02/01/77	01/31/87	DC
LDC00022	WASHINGTON D C	2001 S ST, NW	16.33	5,470	$89,325	02/01/80	03/31/86	DC
LDC30009	WASHINGTON D C	605 G ST NW	11.74	7,529	$88,390	05/18/83	05/31/86	DC
LDC80082	WASHINGTON D C	719 13TH ST NW	18.06	43,289	$781,928	06/01/78	11/30/86	DC
LDC50025	WASHINGTON D C	499 S CAPITOL ST SW	23.23	50,375	$1,170,211	04/01/85	03/31/90	DC
LDC30038	WASHINGTON D C	1375 K ST N W	17.87	88,668	$1,584,577	04/27/84	03/31/86	DC
LDC90050	WASHINGTON D C	1725 EYE ST N W,	19.97	41,707	$832,868	09/01/79	03/31/86	DC
LDC10086	WASHINGTON D C	1725 EYE ST N W	17.89	22,800	$407,965	08/01/81	03/31/86	DC
LDC50007	WASHINGTON D C	1725 EYE ST N W	20.88	27,505	$574,192	08/03/85	08/02/90	DC
LDC90053	WASHINGTON D C	3005 BLADEN, RD N E	10.38	5,850	$60,696	06/22/79	06/21/89	DC
LDC30081	WASHINGTON D C	1019 WISCONSIN AVE	17.37	4,655	$80,875	10/22/82	10/21/87	DC
LDC00083	WASHINGTON D C	25 E ST N W	17.80	29,340	$522,252	12/15/79	06/14/86	DC
LDC10089	WASHINGTON D C	1015 20TH STREET, NW.	21.00	6,818	$143,178	01/01/81	04/30/86	DC
LDC10015	WASHINGTON D C	1023 31ST STREET NW	23.56	25,550	$601,966	01/19/81	04/18/86	DC

132

RUN AS OF 03/17/86 NEXT TEN YEARS IN THE
WASHINGTON METROPOLITAN AREA

PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LDC00052	WASHINGTON D C	500 C STREET,SW	15.03	265,035	$3,982,912	08/17/81	08/16/91	DC
LDC10025	WASHINGTON D C	1120 VERMONT AVE	20.74	70,256	$1,456,767	10/01/81	09/30/86	DC
LDC20008	WASHINGTON D C	1120 VERMONT AVE	24.00	26,002	$624,047	01/29/82	03/31/86	DC
LDC10058	WASHINGTON D C	450 5TH STREET,NW	18.62	295,592	$5,504,033	08/01/82	07/31/92	DC
LDC20011	WASHINGTON D C	19 OBSERVATORY CIR NW	11.55	4,803	$55,474	10/01/82	09/30/87	DC
LDC20023	WASHINGTON D C	333 HAWAII AVE., NE	11.00	4,707	$51,777	07/01/82	06/30/92	DC
LDC20056	WASHINGTON D C	301-4TH ST SW	16.21	358,252	$5,807,220	01/01/83	01/02/93	DC
LDC50067	WASHINGTON D C	717 FIFTH ST. NW	17.43	5,676	$98,933	10/17/85	10/16/90	DC
LDC40015	WASHINGTON D C	999 E ST NW	19.69	47,226	$929,812	02/04/85	02/03/90	DC
LDC50019	WASHINGTON D C	999 E ST NW	18.53	76,610	$1,419,816	11/01/85	11/01/95	DC
LDC40056	WASHINGTON D C	1050 CONN AVENUE	29.81	55,137	$1,643,680	06/01/85	06/01/90	DC
LDC50017	WASHINGTON D C	1900 K STREET NW	8.25	36,263	$298,959	06/01/85	05/31/90	DC
LDC50012	WASHINGTON D C	1301 NEW YORK AVE	27.36	168,797	$4,614,839	04/20/85	05/20/95	DC
LDC50021	WASHINGTON D C	1331 PENN AVENUE,NW	29.95	8,595	$257,420	04/01/85	03/31/90	DC
LDC40038	WASHINGTON D C	555 4TH STREET, NW	22.53	29,085	$655,160	04/15/85	04/14/88	DC
LDC50061	WASHINGTON D C	1801 K STREET NW	24.32	6,698	$162,867	05/01/85	10/31/86	DC

54(8)

MBGKA0 LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 1
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LDC50042	WASHINGTON D C	1801 K STREET NW	26.49	2.061	$54.600	05/01/85	05/31/86	DC
LDC50045	WASHINGTON D C	P.O, BOX 23551	28.00	3.519	$98.532	06/01/85	05/31/87	DC
LDC50048	WASHINGTON D C	515 22ND STREET NW	56.07	10.455	$586.250	03/01/86	03/20/91	DC
LDC05044	WASHINGTON D C	806-814 CONN AVE NW	22.94	104.609	$2.400.000	07/01/63	03/31/86	DC
LDC30049	WASHINGTON D C	1225 35 15TH ST NE	1.71	115.996	$198.000	01/09/86	01/08/89	DC
LDC10091	WASHINGTON D C	1717 H STREET	23.39	273.678	$6.400.000	08/02/80	01/31/87	DC
LDC30008	WASHINGTON D C	1201 E ST NW	17.89	101.315	$1.812.790	05/23/83	05/31/88	DC
LDC10006	WASHINGTON D C	400 FIRST STREET NW	13.04	61.503	$801.842	11/01/80	03/31/86	DC
LDC60007	WASHINGTON D C	1717 PENNSYLVANIA AVE	21.68	162.000	$3.512.828	10/01/85	09/30/90	DC
LDC10000	WASHINGTON D C	1730 K STREET NW	15.94	79.619	$1.269.354	10/01/80	03/31/86	DC
LDC10054	WASHINGTON D C	2100 K ST NW	14.52	77.499	$1.125.000	11/15/81	11/14/86	DC
LDC10050	WASHINGTON D C	5929 E CAPITOL ST N.E.	7.99	3.600	$28.742	05/05/81	05/04/86	DC
LDC06139	WASHINGTON D C	1101 PENNSYLVANIA AVE	21.94	126.002	$2.764.070	09/06/72	03/31/86	DC
LDC30035	WASHINGTON D C	701 LAMONT ST NW	2.79	45.126	$126.082	11/01/83	10/31/86	DC
LDC10001	WASHINGTON D C	1875 CONNECTICUT AVENUE	19.00	158.385	$3.009.315	11/15/79	08/14/86	DC
LDC10018	WASHINGTON D C	1222 22ND ST NW	5.13	46.568	$238.859	01/01/81	12/31/87	DC

134

RUN AS OF 03/17/86

PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LDC60040	WASHINGTON D C	8TH AND M STREET SE	2.14	88,607	$190,000	03/23/76	03/22/86	DC
LDC10008	WASHINGTON D C	1111 20TH STREET	14.62	129,458	$1,892,845	11/04/79	11/03/89	DC
LDC06516	WASHINGTON D C	1325 K ST NW	18.00	67,626	$1,217,232	03/01/75	03/31/86	DC
LDC20069	WASHINGTON D C	633 INDIANA AVE NW	19.00	114,582	$2,176,626	02/01/83	01/31/93	DC
LDC06512	WASHINGTON D C	1200 19TH ST NW	22.80	176,782	$4,030,453	01/14/75	06/13/86	DC
LDC06521	WASHINGTON D C	1800 G ST NW	7.55	406,236	$3,065,130	05/16/75	05/15/95	DC
LDC60023	WASHINGTON D C	1800 G ST NW	9.31	26,156	$226,952	06/01/86	03/31/89	DC
LDC40013	WASHINGTON D C	1800 G ST NW	12.48	21,789	$271,936	04/01/84	03/31/89	DC
LDC10013	WASHINGTON D C	300 7TH ST SW	14.76	99,983	$1,475,657	12/01/80	03/31/86	DC
LDC10068	WASHINGTON D C	9TH & D ST NW	13.66	92,885	$1,268,583	08/01/81	07/31/86	DC
LDC10075	WASHINGTON D C	1111 18TH ST NW	24.27	61,863	$1,500,897	04/22/81	04/21/91	DC
LDC00066	WASHINGTON D C	2001 WISCONSIN AVE NW	11.40	70,682	$805,491	10/01/79	04/30/86	DC
LDC70120	WASHINGTON D C	3300 WHITHAVEN BLVD	7.07	98,019	$693,296	07/28/77	07/31/87	DC
LDC70019	WASHINGTON D C	1291 TAYLOR ST NW	3.10	83,337	$258,365	02/02/77	03/31/86	DC
LDC70005	WASHINGTON D C	400 6TH STREET SW	8.98	110,887	$995,649	04/03/77	04/30/87	DC
LDC70069	WASHINGTON D C	1441 L ST	5.46	156,705	$855,261	03/16/77	03/15/87	DC

135

HRGKAO LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 5
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LDC20068	WASHINGTON D C	1919 M ST NW	17.14	212,634	$3,666,500	10/11/82	10/10/87	DC
LDC20083	WASHINGTON D C	1121 VERMONT AVE	16.79	120,192	$2,017,454	11/23/82	11/22/92	DC
LDC60021	WASHINGTON D C	4228 WISCONSIN AVE	14.63	51,709	$756,431	02/06/86	02/05/87	DC
LDC05564	WASHINGTON D C	400 7TH ST SW	6.78	1,121,215	$7,602,202	01/02/70	01/01/90	DC
LDC06644	WASHINGTON D C	400 7TH ST SW	1.51	595,221	$896,136	11/01/75	01/01/90	DC
LDC50004	WASHINGTON D C	400 7TH ST SW	9.00	18,312	$164,808	01/01/85	12/31/89	DC
LDC20001	WASHINGTON D C	2600 17TH ST	3.63	50,013	$181,630	02/01/82	01/31/87	DC
LDC05543	WASHINGTON D C	1605 EYE ST NW	7.51	174,802	$1,313,533	11/02/68	11/01/88	DC
LDC30039	WASHINGTON D C	529 14TH ST., NW	29.97	9,367	$280,743	09/01/86	08/31/89	DC
LDC50001	WASHINGTON D C	2605 MARTIN L KING AVE	6.12	5,558	$34,000	10/01/84	09/30/86	DC
LDC05729	WASHINGTON D C	1100 L STREET, NW	5.51	368,631	$2,031,582	06/01/70	05/31/90	DC
LDC20065	WASHINGTON D C	500 12TH STREET S W	24.00	5,080	$121,920	07/01/82	03/31/86	DC
LDC10065	WASHINGTON D C	550 ELEVENTH STREET NW	15.28	106,718	$1,631,044	07/15/80	07/14/86	DC
LDC10062	WASHINGTON D C	1310 L STREET N W	13.34	174,488	$2,326,913	12/15/80	04/14/86	DC
LDC50000	WASHINGTON D C	1129 20 TH ST NW	22.42	5,485	$123,000	10/23/84	10/22/87	DC
LDC60171	WASHINGTON D C	2120 L STREET NW	9.53	66,077	$629,432	03/01/76	03/31/86	DC

HRGKA0 LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 4
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LOC10081	WASHINGTON D C	15TH & H STREET NW	16.16	72,885	$1,178,183	03/31/81	03/31/86	DC
LOC30007	WASHINGTON D C	1325 G ST NW	20.75	15,466	$341,660	02/01/83	03/31/86	DC
LOC50039	WASHINGTON D C	1331 G ST	16.75	25,175	$421,596	06/01/85	03/31/87	DC
LOC50009	WASHINGTON D C	1825 K ST NW	22.97	17,396	$399,667	07/01/85	06/30/90	DC
LOC10079	WASHINGTON D C	660 NEW YORK AVE NW	5.40	15,759	$85,149	10/01/81	09/30/86	DC
LOC20075	WASHINGTON D C	1735 EYE STREET NW	21.44	42,970	$921,476	07/01/82	06/30/86	DC
LOC60022	WASHINGTON D C	1100 17TH STREET NW	25.06	18,730	$470,020	06/01/85	03/31/90	DC
LOC05803	WASHINGTON D C	1625 K STREET	8.25	182,055	$1,502,933	09/22/71	08/21/87	DC
LOC50031	WASHINGTON D C	1522 K STREET NW	21.51	3,749	$80,640	06/01/85	03/31/88	DC
LOC05788	WASHINGTON D C	4TH M STREETS SW	5.59	878,294	$4,908,569	09/14/72	09/13/92	DC
LOC00039	WASHINGTON D C	4TH M STREETS SW	17.08	33,512	$572,364	09/22/80	09/13/93	DC
LOC10070	WASHINGTON D C	4TH M STREETS SW	14.36	72,414	$1,038,687	02/10/82	02/09/87	DC
LOC30011	WASHINGTON D C	4TH M STREETS SW	15.51	123,331	$1,913,000	11/25/85	09/13/92	DC
LOC50044	WASHINGTON D C	1625 EYE ST NW	19.15	16,825	$322,200	05/01/85	06/30/90	DC
LOC10067	WASHINGTON D C	666 11TH STREET N.W.	19.44	24,919	$484,425	12/01/81	03/31/86	DC
LOC05875	WASHINGTON D C	601 D ST NW	7.98	429,796	$3,428,683	10/21/73	10/20/93	DC

BEST COPY AVAILABLE

137

HRGKAO LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 7
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LOC50027	WASHINGTON D C	2000 L ST NW	23.06	63,603	$1,665,266	04/01/85	03/31/88	DC
LOC10082	WASHINGTON D C	2100 M STREET NW	17.16	25,844	$443,430	12/01/81	11/30/86	DC
LOC50023	WASHINGTON D C	2025 M STREET NW	24.06	70,836	$1,706,645	01/01/85	12/31/89	DC
LOC20034	WASHINGTON D C	400 I ST NE	2.25	34,080	$76,703	06/01/82	05/31/87	DC
LOC05873	WASHINGTON D C	2100 2ND ST SW	6.00	485,800	$2,912,538	05/16/73	05/15/93	DC
LOC60050	WASHINGTON D C	825 NORTH CAPITOL ST NE	6.37	247,076	$1,574,077	04/01/73	03/31/93	DC
LOC10017	WASHINGTON D C	100 INDIANA AVENUE NW	16.22	15,828	$256,729	09/15/80	12/31/86	DC
LOC06295	WASHINGTON D C	1401 K ST NW	8.09	96,882	$783,931	03/15/73	03/14/93	DC
LOC06441	WASHINGTON D C	2401 E ST NW	5.90	423,329	$2,499,316	04/15/74	10/14/93	DC
LOC30048	WASHINGTON D C	18 P STREET S W	2.47	130,000	$320,617	01/01/84	12/31/87	DC
LOC06422	WASHINGTON D C	425 I STREET NW	13.68	259,002	$3,543,487	01/15/74	03/20/86	DC
LOC06437	WASHINGTON D C	941 NORTH CAPITOL ST NE	6.61	197,829	$1,308,611	09/04/76	09/03/96	DC
LOC50002	WASHINGTON D C	ADJ. M L KING AVENUE	0.	0	$1,500	10/01/84	09/30/86	DC
LOC06478	WASHINGTON D C	4125 ALBEMARLE ST NW	.00	4,988	$0	09/21/76	04/30/88	DC
LOC10014	WASHINGTON D C	3244 PENNSYLVANIA AVE	9.92	3,000	$29,768	05/01/80	04/30/90	DC
LOC50062	WASHINGTON D C	20 MASSACHUSETTS AVE NW	12.92	344,091	$4,446,262	09/06/85	09/04/90	DC

158

BEST COPY AVAILABLE

RUN AS OF 03/17/86 NEXT TEN YEARS IN THE
WASHINGTON METROPOLITAN AREA

PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LMD60021	LANDOVER	1701 BRIGHT SEAT RD	2.58	216,500	$559,312	01/21/76	03/31/86	MD
LMD20056	ROCKVILLE	6110 EXECUTIVE BLVD	12.83	29,764	$381,779	05/01/82	04/30/87	MD
LMD69071	FORESTVILLE	3905-17 PENN-BELT PLACE	2.42	38,961	$94,345	05/27/76	05/26/86	MD
LMD20058	ROCKVILLE	6009EXECUTIVE BLVD	8.96	17,444	$156,296	09/05/81	09/04/86	MD
LMD60177	ROCKVILLE	12501 WASHINGTON AVE	6.20	21,691	$136,387	09/01/76	06/30/87	MD
LMD50016	LANDOVER	BRIGHTSEAT RD ROUTE 202	9.00	4,498	$40,482	09/12/84	09/30/89	MD
LMD30046	BETHESDA	4340 EAST WEST HWY	15.08	41,673	$628,483	09/20/83	04/19/86	MD
LMD50050	HYATTSVILLE	2803 52ND AVE	4.23	23,866	$100,951	11/01/86	10/31/96	MD
LMD00031	TEMPLE HILLS	4801 BEECH PLACE	3.81	49,626	$189,000	05/23/80	05/22/90	MD
LMD60082	CHEVY CHASE	5550 FRIENDSHIP BLVD	22.97	29,579	$679,436	10/15/85	10/14/90	MD
LMD50066	BETHESDA	4550 MONTGOMERY AVE	17.60	36,600	$644,160	10/15/85	10/14/88	MD
LMD00053	ROCKVILLE	200 MONROE ST	12.68	4,218	$53,107	03/06/81	04/05/86	MD
LMD10021	ROCKVILLE	451 HUNGERFORD DRIVE	13.83	7,486	$103,509	08/01/81	07/31/86	MD
LMD00056	LANDOVER	8377-8387,8397-8411ARDAR	5.15	82,007	$422,336	12/11/80	02/02/91	MD
LMD10052	ROCKVILLE	12290/12296 WILKINS AVE	8.70	40,218	$350,000	07/29/81	07/28/86	MD
LMD10087	BETHESDA	11426 ROCKVILLE PIKE	9.86	6,218	$61,159	11/16/81	11/15/86	MD

MRGKAD LEASES EXPIRING IN THE
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE
WASHINGTON METROPOLITAN AREA

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LMD10037	ROCKVILLE	6001 & 6010 EXEC BLVD	9.27	263,580	$2,257,316	11/15/78	07/31/90	MD
LMD20006	WHEATON	11510 GEORGIA AVE	13.57	5,846	$79,351	02/12/82	02/11/87	MD
LMD20052	BETHESDA	7900-7920 NORFOLK AVE	9.79	95,658	$936,141	07/30/81	07/29/86	MD
LMD20079	CAPITOL HEIGHTS	9140 HAMPTON DRIVE	5.97	45,601	$272,103	12/21/82	12/20/92	MD
LMD20086	LANDOVER	8181 PROFESSIONAL PLACE	13.68	2,895	$39,600	10/01/82	09/30/87	MD
LMD30025	BETHESDA	5333/5311 WESTBARD AVE	11.95	232,427	$2,776,496	05/16/83	05/15/93	MD
LMD50063	LANDOVER	8401 CORPORATE DR	15.00	11,800	$177,000	12/09/85	12/08/90	MD
LMD50056	SILVER SPRING	1400 SPRING ST	16.25	1,256	$20,410	11/15/85	11/14/90	MD
LMD50051	LANDOVER	841 BRIGHTSEAT RD	11.35	7,019	$79,683	11/18/85	11/17/90	MD
LMD50036	ROCKVILLE	7529 STANDISH PL	15.25	44,414	$677,314	01/01/86	12/31/91	MD
LMD70051	ROCKVILLE	1901 CHAPMAN AVENUE	5.82	40,047	$233,089	01/18/77	06/30/87	MD
LMD60194	SILVER SPRING	8300 COLESVILLE RD	13.59	56,000	$761,000	12/01/85	11/30/87	MD
LMD20003	SILVER SPRING	7915 EASTERN AVE	11.25	117,811	$1,325,313	01/10/82	01/09/87	MD
LMD06390	HYATTSVILLE	6505 BELCREST RD	6.99	222,267	$1,552,854	07/25/73	07/24/93	MD
LMD60038	BETHESDA	NICHOLSON LN & RKVLE	14.89	29,729	$442,706	01/01/86	12/31/90	MD
LMD20068	WHEATON	WHEATON SHOPPING CENTER	9.04	13,383	$121,036	10/05/81	10/04/86	MD

57(15)

RUN AS OF 03/17/86 NEXT TEN YEARS IN THE WASHINGTON METROPOLITAN AREA

PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LMD20090	BETHESDA	8120 WOODMONT AVENUE	12.28	27,176	$333,768	01/21/83	08/31/88	MD
LMD30023	BETHESDA	8120 WOODMONT AVENUE	13.18	61,400	$809,258	09/01/83	08/31/88	MD
LMD50060	COLLEGE PARK	6321 HARTWICK ROAD	11.50	8,852	$101,788	12/01/85	11/30/87	MD
LMD50014	ROCKVILLE	12709 TWINBROOK PKWY	11.46	23,171	$265,539	01/17/86	01/16/89	MD
LMD20028	SILVER SPRING	8060 13TH ST SILVER SP	11.61	155,258	$1,802,503	06/11/81	06/10/86	MD
LMD30030	RIVERDALE	5609 LAFAYETTE PLACE	3.36	7,217	$24,233	06/16/83	06/15/88	MD
LMD50060	BETHESDA	7735 OLD GEOTWN RD	14.31	86,906	$1,243,596	03/20/85	03/19/90	MD
LMD20069	GLENDALE HEIGHTS	GLEN DALE TELEGRAPH RDS	3.75	53,585	$200,944	12/15/81	12/14/86	MD
LMD70081	ROCKVILLE	12720 TWINBROOK PKWY	6.56	40,475	$265,512	06/17/77	06/30/87	MD
LMD20036	TEMPLE HILLS	3737 AND3867 BRANCH AVE	9.33	18,407	$171,772	01/18/82	01/17/92	MD
LMD30021	ROCKVILLE	12725 TWINBROOK PKWY	4.12	60,000	$247,448	06/01/83	05/31/88	MD
LMD05552	HYATTSVILLE	3700 EAST WEST HIGHWAY	4.44	330,106	$1,466,906	01/22/69	01/21/89	MD
LMD60031	BETHESDA	5601 WESTBARD AVENUE	8.48	113,751	$964,106	02/16/76	02/15/96	MD
LMD20050	BETHESDA	4915 ST ELMO AVENUE	9.75	45,800	$446,550	05/16/81	05/15/86	MD
LMD05537	ROCKVILLE	5600 FISHERS LANE	3.56	1,069,782	$3,790,962	12/16/69	07/31/90	MD
LMD50015	ROCKVILLE	5640 FISHERS LANE	11.50	8,888	$102,212	09/15/84	09/14/89	MD

141

MRGKA0 LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 11

RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE

WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LMD05726	GLENDALE HEIGHTS	11100 AEROSPACE ROAD	2.58	53,660	$138,220	03/10/70	03/09/90	MD
LMD90058	BLADENSBURG	5809 ANNAPOLIS ROAD	9.16	2,705	$24,778	03/01/79	05/31/86	MD
LMD05778	BLADENSBURG	4125 46TH STREET	1.55	54,000	$83,520	04/01/71	03/31/86	MD
LMD05806	HYATTSVILLE	6525 BELCREST ROAD	14.39	45,356	$652,672	03/23/71	03/31/86	MD
LMD30082	RIVERDALE	6501 LAFAYETTE AVE	3.43	141,200	$692,440	02/01/83	01/31/88	MD
LMD20074	HILLCREST HEIGHTS	4235-28TH AVE	11.30	65,236	$736,861	11/15/81	11/14/86	MD
LMD50063	ROCKVILLE	12100 PARKLAWN DR	5.45	71,556	$389,980	05/16/85	05/15/90	MD
LMD20053	SILVER SPRING	8630 FENTON STREET	16.49	8,212	$135,452	04/22/82	04/21/87	MD
LMD10036	GERMANTOWN	20020 CENTURY BLVD	11.95	43,611	$521,172	06/12/81	06/11/86	MD
LMD20051	SILVER SPRING	8757 GEORGIA AVENUE	12.20	70,251	$857,264	04/29/82	04/28/87	MD
LMD60087	ROCKVILLE	11400 ROCKVILLE PIKE	12.48	86,157	$1,075,096	01/01/86	12/31/88	MD
LMD20072	SILVER SPRING	13975 CONN AVE	13.00	1,707	$22,191	06/15/82	12/11/86	MD
LMD06116	BETHESDA	7910 WOODMONT AVENUE	7.70	99,612	$766,927	11/01/72	10/31/87	MD
LMD50013	ROCKVILLE	12721 TWINBROOK PKWY	10.90	14,751	$160,866	02/01/84	01/31/89	MD
LMD10059	SUITLAND	5001 SILVER HILL ROAD	9.65	10,916	$105,278	03/22/81	03/21/86	MD
LMD10040	BETHESDA	6350 EAST-WEST HIGHWAY	14.21	45,036	$640,080	06/01/81	05/31/86	MD

57(M)

142

RUN AS OF 03/17/86 NEXT TEN YEARS IN THE WASHINGTON METROPOLITAN AREA

PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LMD30018	SILVER SPRING	962 WAYNE AVE	14.33	11,066	$158,535	03/19/83	04/18/86	MD
LMD10038	SUITLAND	5200 AUTH ROAD	15.66	100,244	$1,570,279	11/01/80	03/31/86	MD
LMD30063	LANHAM	3702-10 IRONWOOD PLACE	3.81	63,090	$240,333	11/15/83	11/14/88	MD
LMD40048	BETHESDA	5650 WALL LANE	11.15	36,672	$408,845	10/01/86	01/09/87	MD
LMD40037	ROCKVILLE	11820-38 COAKLEY CIRCLE	4.20	20,935	$87,927	05/01/84	04/30/87	MD
LMD70055	ROCKVILLE	12420 PARKLAWN DRIVE	8.83	19,490	$172,109	04/01/77	03/31/87	MD
LMD30065	ROCKVILLE	12420 PARKLAWN DRIVE	8.91	60,136	$535,662	03/04/84	03/03/89	MD
LMD20055	ROCKVILLE	4936-40 BOIL BROOK PARK	4.89	29,900	$146,128	09/01/82	08/31/87	MD
LMD60006	FORESTVILLE	8030-8074 CRYDN WAY	1.99	39,839	$79,085	02/05/76	06/04/86	MD
LMD60035	CAPITOL HEIGHTS	8700 EDGEWORTH DR	5.98	35,000	$209,403	04/20/76	04/19/86	MD
LVA50062	ALEXANDRIA	FRANKLIN & UNION ST	4.25	168,925	$717,931	05/06/85	05/05/86	VA
LVA50024	ARLINGTON	1700 N KENT ST	17.50	4,959	$86,782	04/21/85	04/20/90	VA
LVA60012	SPRINGFIELD	7943-59 CLUNY COURT	3.15	103,940	$327,900	11/01/75	03/31/86	VA
LVA20017	ARLINGTON	1600 WILSON BLVD	6.44	806	$5,176	03/01/81	01/03/89	VA
LVA60006	ARLINGTON	1600 WILSON BLVD	20.28	11,529	$233,808	01/04/86	01/03/89	VA
LVA20087	ARLINGTON	3033 NORTH FAIRFAX DR	10.29	37,100	$381,918	01/01/83	12/31/86	VA

BEST COPY AVAILABLE

143

MBSKA0

RUN AS OF 03/17/86

LEASES EXPIRING IN THE
NEXT TEN YEARS IN THE
WASHINGTON METROPOLITAN AREA

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA60148	LORTON	7311 - 7317 LOCKPORT PL	2.25	17,400	$30,400	08/13/76	08/31/86	VA
LVA60152	ARLINGTON	2341 JEFF DAVIS HWY	9.57	62,774	$600,441	10/16/76	10/15/86	VA
LVA70101	FAIRFAX	2801 ARC MERRILEE DRIVE	6.07	14,569	$88,413	11/11/77	11/10/87	VA
LVA30003	ARLINGTON	1745 JEFFERSON DAVIS HY	17.86	39,300	$702,029	12/15/82	12/14/87	VA
LVA80080	ALEXANDRIA	621 NORTH PAYNE STREET	2.57	93,265	$239,461	07/01/78	06/30/87	VA
LVA50036	ARLINGTON	2001 JEFFERSON DAVIS HY	21.90	4,128	$90,403	04/01/85	03/31/88	VA
LVA80034	MCLEAN	1 TYSONS CORNER CTR	6.69	70,318	$470,709	06/02/78	07/09/88	VA
LVA30018	ARLINGTON	3030 FAIRFAX DR	4.90	10,371	$50,800	05/01/83	04/30/88	VA
LVA80128	FAIRFAX	6309 GRAVEL AVE	3.44	121,958	$419,128	10/18/78	10/17/88	VA
LVA90063	ALEXANDRIA	333 N FAIRFAX ST	13.15	7,035	$92,403	05/14/79	05/13/89	VA
LVA80049	ALEXANDRIA	350 S PICKETT ST	11.77	41,067	$483,367	07/18/86	07/17/89	VA
LVA90038	FALLS CHURCH	5203 LEESBURG PIKE	11.17	47,918	$535,190	09/01/79	08/31/89	VA
LVA60051	FALLS CHURCH	5203 LEESBURG PIKE	15.15	14,800	$224,229	08/03/86	08/02/89	VA
LVA80037	FALLS CHURCH	5203 LEESBURG PIKE	15.00	14,800	$222,000	08/03/86	08/02/89	VA
LVA50022	FALLS CHURCH	5203 LEESBURG PIKE	15.90	9,729	$154,675	02/01/85	01/31/90	VA
LVA00008	HERNDON	300 VICTORY DR	3.89	29,175	$113,401	12/07/79	12/06/89	VA

HRGKA0 LEASES EXPIRING IN THE NEXT TEN YEARS IN THE WASHINGTON METROPOLITAN AREA

RUN AS OF 03/17/86

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA00016	ALEXANDRIA	456 S PICKETT ST	3.76	19,519	$73,391	06/19/80	06/18/86	VA
LVA50006	ALEXANDRIA	456 S PICKETT ST	3.76	9,631	$36,200	02/01/85	01/31/90	VA
LVA50038	ALEXANDRIA	25 S QUAKER LANE	13.30	8,952	$119,062	08/01/85	07/31/90	VA
LVA00056	RESTON	12310 PINECREST RD	10.56	5,735	$60,622	01/01/81	03/31/86	VA
LVA50055	SPRINGFIELD	5508 PORT ROYAL RD	11.65	3,975	$66,309	07/15/85	07/14/90	VA
LVA00081	FALLS CHURCH	5201 LEESBURG PIKE	14.03	46,559	$653,302	03/04/81	07/03/86	VA
LVA10007	SPRINGFIELD	7601 FULLERTON ROAD	3.92	25,479	$99,866	09/16/81	11/30/86	VA
LVA00036	MCLEAN	TYSONS CORNER SHP. CTR.	10.16	16,624	$168,632	06/05/82	06/04/87	VA
LVA10053	ALEXANDRIA	RT 7 PARK CENTER DRIVE	16.11	140,028	$2,256,284	11/01/81	10/31/86	VA
LVA30033	ALEXANDRIA	RT 7 PARK CENTER DRIVE	18.76	23,901	$448,419	12/16/83	11/30/89	VA
LVA10088	HERNDON	1110 ELDON STREET	12.37	20,726	$256,415	06/08/82	06/07/87	VA
LVA10080	ARLINGTON	1235 JEFF DAVIS HWY	18.58	35,000	$650,166	12/08/81	01/07/87	VA
LVA10066	MCLEAN	1951 KIDWELL DRIVE	14.73	29,760	$438,208	06/15/82	06/14/87	VA
LVA20059	SPRINGFIELD	7942 ANGUS COURT GAW BV	4.50	8,010	$36,045	05/01/82	04/30/87	VA
LVA20013	VIENNA	1021 ELECTRIC AVENUE	15.21	29,803	$453,414	10/27/82	10/26/92	VA
LVA20064	SPRINGFIELD	5265 PORT ROYAL ROAD	11.76	9,248	$108,712	06/19/82	06/18/87	VA

145

HRGKA0 LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 15
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA20057	ARLINGTON	1911 JEFFERSON DAVIS HY	13.33	17,457	$232,701	05/24/83	03/27/90	VA
LVA20089	MCLEAN	7926 JONES BRANCH DRIVE	16.07	5,710	$91,760	05/11/83	05/10/88	VA
LVA20001	MANASSAS	8710 LIBERIA AVENUE	11.20	7,373	$82,644	02/01/83	01/31/88	VA
LVA30022	ARLINGTON	1225 JEFF DAVIS HWY	22.82	27,805	$634,566	08/01/83	01/31/89	VA
LVA30037	SPRINGFIELD	8612 MORRISETTE DR	5.49	22,492	$123,437	08/11/83	08/10/88	VA
LVA30041	WOODBRIDGE	14416 JEFF DVS HWY	7.50	518	$3,885	09/01/83	08/31/86	VA
LVA40002	SPRINGFIELD	8199 BACKLICK ROAD	6.51	76,500	$498,225	01/01/86	12/31/88	VA
LVA40012	ARLINGTON	1215 JEFF DAVIS HWY	24.32	8,059	$196,012	05/04/86	05/03/89	VA
LVA40032	ARLINGTON	1215 JEFF DAVIS HWY	24.87	14,597	$362,966	12/01/86	12/06/89	VA
LVA40026	WOODBRIDGE	14401 PINE LANE	6.00	1,200	$7,200	07/15/86	07/14/87	VA
LVA40028	FALLS CHURCH	5113 LEESBURG PIKE	20.56	26,062	$535,866	09/01/86	08/31/88	VA
LVA40035	ALEXANDRIA	277 SOUTH WASHINGTON ST	20.85	2,855	$59,527	10/10/86	10/09/87	VA
LVA40066	FALLS CHURCH	5111 LEESBURG PIKE	19.09	13,618	$259,964	12/01/86	11/30/89	VA
LVA40063	FALLS CHURCH	5111 LEESBURG PIKE	18.99	33,500	$636,165	01/15/85	01/14/90	VA
LVA40064	MCLEAN	7969 TYSONS COR SHP CTR	12.25	4,600	$56,350	12/12/86	12/11/89	VA
LVA50053	STERLING	114 POWERS CT,RT 636	6.43	4,533	$29,147	09/18/85	09/17/90	VA

146

MRGK40 LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 16
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA50038	LORTON	7605 & 7607 LOCKPORT PL	5.08	70,000	$355,600	09/16/85	09/17/90	VA
LVA60001	ARLINGTON	1213 JEFF DAVIS HWY	24.58	10,431	$256,394	01/01/86	12/31/90	VA
LVA50008	ARLINGTON	2011 CRYSTAL DRIVE	24.90	7,463	$185,829	06/15/85	05/31/90	VA
LVA60189	FALLS CHURCH	7700 ARLINGTON BLVD	13.25	5,100	$67,575	02/01/86	01/31/91	VA
LVA60018	ALEXANDRIA	201 PRINCE ST	9.41	13,874	$130,554	11/11/75	03/31/86	VA
LVA60020	ALEXANDRIA	2028 DUKE STREET	3.48	39,967	$139,286	06/01/84	03/31/89	VA
LVA60008	ARLINGTON	5111-17 15TH STREET S	4.00	13,835	$55,340	11/01/83	10/31/88	VA
LVA40000	ARLINGTON	1400-1430 S EADS STREET	4.00	50,330	$201,320	11/01/83	10/31/88	VA
LVA20085	ARLINGTON	1201-1301 S FERN ST	6.51	104,911	$683,044	06/01/83	11/25/86	VA
LVA40052	ARLINGTON	1200 SOUTH EADS ST	4.14	68,567	$284,183	07/01/84	06/30/87	VA
LVA30062	ARLINGTON	1000 N GLEBE ROAD	12.77	79,225	$1,011,877	12/01/82	11/30/87	VA
LVA40053	ARLINGTON	1232 SOUTH EADS ST	4.14	30,562	$126,527	10/04/84	06/30/89	VA
LVA60018	FALLS CHURCH	5611 COLUMBIA PIKE	9.93	216,521	$2,149,332	06/30/86	06/29/96	VA
LVA40026	ARLINGTON	1411 S FERN ST	5.87	25,000	$146,757	03/02/84	02/28/89	VA
LVA40025	ARLINGTON	1401 S FERN ST	5.59	25,000	$139,778	03/02/84	02/28/89	VA
LVA40031	ARLINGTON	1311 S FERN ST	4.15	23,920	$99,268	11/04/83	11/03/88	VA

RUN AS OF 03/17/86

NEXT TEN YEARS IN THE
WASHINGTON METROPOLITAN AREA

PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA30026	SPRINGFIELD	6285 PORT ROYAL RD	5.75	100,428	$577,667	08/01/83	07/31/86	VA
LVA60039	ARLINGTON	2221 JEFF DAVIS HWY	18.70	137,162	$2,564,929	03/01/85	02/28/90	VA
LVA10036	ARLINGTON	1200 WILSON BLVD	15.92	103,221	$1,642,873	01/01/81	03/31/86	VA
LVA60012	ARLINGTON	1820 N FORT MYER DR	5.05	129,028	$651,585	01/24/76	03/23/86	VA
LVA20016	ARLINGTON	800 NORTH QUINCY STREET	12.29	128,223	$1,575,332	05/07/81	05/06/86	VA
LVA10047	ARLINGTON	4060 N FAIRFAX DRIVE	11.68	141,157	$1,648,538	06/29/78	06/28/88	VA
LVA20012	ARLINGTON	2211 JEFFERSON DAVIS HG	18.28	120,677	$2,206,366	03/01/82	02/28/87	VA
LVA20002	ARLINGTON	1400 WILSON BOULEVARD	17.06	69,493	$1,185,530	12/01/81	11/30/86	VA
LVA20038	MCLEAN	7676 OLD SPRINGHSE RD	10.91	25,250	$275,465	09/01/81	08/31/86	VA
LVA20025	ARLINGTON	1621 N KENT STREET	17.50	125,232	$2,191,747	09/02/81	09/01/86	VA
LVA60147	FALLS CHURCH	5600 COLUMBIA PIKE	8.07	91,610	$737,200	07/01/76	06/30/86	VA
LVA60158	ARLINGTON	1400 KEY BLVD	9.42	96,405	$907,816	06/29/76	06/30/86	VA
LVA20026	ARLINGTON	1400 KEY BLVD	15.93	18,050	$287,456	04/01/82	03/31/87	VA
LVA30006	ALEXANDRIA	206 N WASHINGTON ST	11.91	9,730	$115,802	06/06/83	06/23/88	VA
LVA50057	ALEXANDRIA	206 N WASHINGTON ST	16.50	8,524	$140,646	09/01/85	08/31/90	VA
LVA30008	ARLINGTON	2121 JEFFERSON DAVIS HW	16.50	429,367	$7,084,268	01/19/83	01/18/88	VA

RUN AS OF 03/17/86 NEXT TEN YEARS IN THE
WASHINGTON METROPOLITAN AREA

PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA10011	ARLINGTON	1235 N LYNN ST	19.09	208,562	$3,980,875	10/01/66	09/30/86	VA
LVA60042	FALLS CHURCH	701 WEST BROAD STREET	11.56	6,720	$77,667	07/01/84	06/30/87	VA
LVA60017	FALLS CHURCH	900 S WASHINGTON ST	9.85	23,379	$230,233	01/01/85	12/31/87	VA
LVA60050	ALEXANDRIA	806-B S PICKETT ST	4.02	33,785	$135,711	07/01/84	06/30/87	VA
LVA20023	ARLINGTON	1601 N KENT ST	16.79	72,678	$1,220,040	09/16/82	09/15/87	VA
LVA20088	MCLEAN	1759 OLD MEADOWS RD	10.67	46,331	$494,467	11/01/82	10/31/87	VA
LVA30047	ARLINGTON	801 NORTH RANDOLPH ST	12.88	142,364	$1,833,641	01/05/84	01/04/89	VA
LVA30028	MCLEAN	7706 OLD SPRINGHOUSE RD	11.80	10,440	$123,176	06/10/83	06/09/88	VA
LVA30060	ARLINGTON	2011 JEFF DAVIS HWY	17.75	160,700	$2,852,519	12/08/83	12/07/88	VA
LVA60010	MCLEAN	7706 OLD SPRINGHOUSE RD	11.88	12,328	$146,450	10/01/83	11/30/88	VA
LVA90035	ARLINGTON	1320 WILSON BLVD	11.13	200,595	$2,232,197	10/07/78	10/06/88	VA
LVA80057	ARLINGTON	1320 WILSON BLVD	14.69	5,085	$74,702	01/19/81	04/18/86	VA
LVA05603	ARLINGTON	1921-31-41 JEFF DAVIS	5.98	724,867	$4,332,326	02/12/69	02/11/89	VA
LVA05553	ALEXANDRIA	2461 EISENHOWER AVE	3.97	252,187	$1,000,206	05/25/69	05/24/89	VA
LVA60019	RESTON	1943 ISAAC NEWTON SQUAR	11.86	23,062	$273,515	12/01/83	11/30/86	VA
LVA30030	MANASSAS	9257 LEE AVE	10.65	365	$3,606	05/01/83	04/30/86	VA

57(24)

HRGKA0 LEASES EXPIRING IN THE NEXT TEN YEARS IN THE WASHINGTON METROPOLITAN AREA
RUN AS OF 03/17/86

GENERAL SERVICES ADMINISTRATION
PUBLIC BUILDINGS SERVICE
OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA90061	ALEXANDRIA	300 NORTH LEE STREET	13.28	15.216	$202.038	05/01/79	04/30/89	VA
LVA40045	ALEXANDRIA	905-15 S PICKETT ST	4.00	34.630	$138.520	06/01/86	05/31/87	VA
LVA20016	ALEXANDRIA	841-881 SOUTH PICKETT S	4.18	122.200	$510.188	06/01/82	09/15/92	VA
LVA50037	ARLINGTON	1800 N KENT ST	21.31	19.836	$422.612	08/19/85	08/18/90	VA
LVA50011	ARLINGTON	1800 N KENT ST	23.03	90.427	$2.082.668	06/21/85	06/30/90	VA
LVA05706	ARLINGTON	2511 JEFF DAVIS HWY	6.95	266.718	$1.854.665	06/19/70	06/18/90	VA
LVA05707	ARLINGTON	2521 JEFF DAVIS HWY	6.19	280.000	$1.737.600	07/08/70	07/07/90	VA
LVA05711	ARLINGTON	1611-21 JEFF DAVIS HGWY	7.17	387.476	$2.778.900	05/01/70	04/30/90	VA
LVA05735	ARLINGTON	2531 JEFF DAVIS HWY	6.45	388.624	$2.506.351	09/20/70	09/19/90	VA
LVA30031	ARLINGTON	3800 S FOUR MILE RUN DR	4.49	19.725	$88.586	06/01/83	05/31/86	VA
LVA10024	ARLINGTON	4600 FAIRFAX DRIVE	10.71	108.058	$1.156.887	11/21/80	03/20/86	VA
LVA05734	ARLINGTON	4015 WILSON BLVD	9.14	134.238	$1.227.472	10/02/70	04/01/86	VA
LVA20086	FALLS CHURCH	7700 ARLINGTON BLVD	12.13	95.232	$1.155.075	06/06/83	06/30/90	VA
LVA40036	ARLINGTON	1701 N FORT MYER DRIVE	17.63	77.950	$1.374.132	07/01/86	06/30/89	VA
LVA06404	RESTON	12201 SUNRISE VALLEY DR	8.23	669.878	$5.509.986	12/20/73	12/19/93	VA
LVA05786	NEWINGTON	8600 TERMINAL ROAD	2.76	58.916	$162.416	05/01/71	04/30/86	VA

157

HRGKAO LEASES EXPIRING IN THE GENERAL SERVICES ADMINISTRATION PAGE 38
RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA30036	ARLINGTON	2300 S 9TH ST	12.11	2,800	$33,908	07/15/83	07/14/88	VA
LVA60005	DULLES AIRPORT	DULLES INT AIRPORT	11.10	11,415	$126,752	01/03/86	04/02/86	VA
LVA20033	ARLINGTON	200 NORTH GLEBE ROAD	10.78	25,311	$272,864	01/06/82	01/05/87	VA
LVA60014	ALEXANDRIA	2550 HUNTINGTON AVE	16.06	6,765	$108,702	12/01/83	10/31/86	VA
LVA50003	ARLINGTON	1611 N KENT ST	19.85	2,250	$44,662	12/01/84	11/30/89	VA
LVA05854	ALEXANDRIA	5001 EISENHOWER AVENUE	5.18	483,416	$2,503,576	01/16/73	01/15/93	VA
LVA05862	RESTON	1915-25 ISAAC NEWTON SQ	6.43	36,005	$231,330	12/18/72	12/17/87	VA
LVA60009	FAIRFAX	3251 OLD LEE HIGHWAY	8.86	9,044	$80,120	11/01/83	10/31/86	VA
LVA50061	ARLINGTON	600 ARMY NAVY DRIVE	23.62	182,250	$4,305,173	01/01/86	12/31/95	VA
LVA05980	ALEXANDRIA	200 STOVALL STREET	5.71	507,268	$2,897,238	02/26/73	02/25/93	VA
LVA20021	MANASSAS	9108 MATHIS AVE	4.75	3,625	$17,219	07/09/82	07/08/87	VA
LVA50059	ALEXANDRIA	421 KING ST	14.80	3,341	$49,447	08/22/85	08/31/90	VA
LVA10018	FALLS CHURCH	5205 LEESBURG PIKE	13.45	13,666	$183,806	01/12/81	11/11/86	VA
LVA60020	FALLS CHURCH	5205 LEESBURG PIKE	14.73	39,466	$581,182	04/20/86	04/30/89	VA
LVA20009	ALEXANDRIA	929 S PICKETT STS	4.00	20,775	$83,100	08/17/81	08/16/86	VA
LVA50061	SPRINGFIELD	8600 MORRISSETTE	23.62	182,250	$4,305,173	01/01/86	12/31/95	VA

57/46

RUN AS OF 03/17/86 NEXT TEN YEARS IN THE PUBLIC BUILDINGS SERVICE
WASHINGTON METROPOLITAN AREA OFFICE OF REAL ESTATE

LEASE NUMBER	CITY NAME	STREET ADDRESS	SQFT RATE	SQUARE FOOTAGE	ANNUAL RENT	EFFECTIVE DATE	EXPIRATION DATE	STATE
LVA60011	SPRINGFIELD	8001 FORBES PLACE	13.20	24,527	$323,406	11/30/83	11/19/88	VA
LVA70018	RESTON	11440 ISAAC NEWTON SQ	9.27	29,125	$270,096	01/04/77	05/05/87	VA
LVA50020	HERNDON	302 VICTORY DRIVE	4.67	48,200	$225,000	01/01/85	12/31/89	VA
LVA10044	ARLINGTON	1755 JEFF DAVIS HGWY	18.42	19,456	$358,322	01/01/81	12/31/86	VA
LVA30015	ALEXANDRIA	6150 & 6176-86 EISNHWR	3.91	22,940	$89,637	08/01/83	03/31/88	VA
LVA60103	LORTON	9610 GUNSTON COVE ROAD	4.60	139,395	$641,217	05/01/85	04/30/90	VA
LVA04460	VIENNA	801 FOLLIN LANE	8.04	108,395	$871,367	02/29/76	03/31/86	VA
LVA20078	ALEXANDRIA	6110 FRANCONIA ROAD	10.78	18,188	$196,063	08/23/82	02/29/88	VA

BALTIMORE APPRAISERS STORE

Mr. **Hoyer**. I am glad to see action on the Appraisers Store in Baltimore. Is the amount budgeted sufficient to bring this facility on line and provide for the relocation of agencies?

Mr. **Sullivan**. The 1987 budget request for the Appraisers Store provides for the design of this project. Funding for the renovation portion of the project will be requested in a future fiscal year. The project will convert the light industrial space at the Appraisers Store into approximately 85,000 square feet of office space.

STAFF REDUCTIONS

Mr. **Hoyer**. There are reductions of 300 work years for building protection and 105 work years for maintenance. How are these cuts to be absorbed? Aren't we just forcing these costs into the future, and most likely raising our repair and alterations budget in the out years?

Mr. **Sullivan**. Protection and Safety "white collar" staff reductions will be carried out through attrition to the maximum extent possible. The elimination and consolidation of these selected staff and administrative positions will not significantly impact overall security capabilities. Some functions, such as security systems installation, will be contracted out.

Based on A-76 studies, it is more economical at most locations to provide maintenance through contracting out. Although reductions in force are sometimes required, our experience to date indicates that many in-house maintenance employees are hired by the commercial contractors. Because the level of maintenance performed will not be affected, there will be no impact on our repairs and alterations budget in the outyears.

CLEANING SERVICES

Mr. **Hoyer**. Cleaning is cut by 488 work years. I am concerned that these proposals will reduce the quality of the work environment and the safety of our federal employees. We must assure them a clean, safe place to perform their duties. Do these cuts affect goals negatively?

Mr. **Sullivan**. The quality of the work environment and the safety of Federal employees would not be affected negatively by the reduction of 488 work years. As a result of A-76 studies, it has been determined that the same level of cleaning services can be provided by commercial contractors at a lower cost to the Government.

Achieving this size reduction in our cleaning force, however, is dependent upon the removal of Congressional restrictions on the contracting out of cleaning positions.

Mr. **Roybal**. Thank you Mr. Hoyer and I would also like to thank Mr. Fontaine.

REPROGRAMMING

Mr. **Fontaine**. Mr. Chairman, can I say one thing before they leave. This budget does reflect a reprogramming of $19.3 million in the rental of space account. We hope that the Committee would favorably consider this.

Mr. Roybal. We just received the letter with regard to that on March 5. So we will respond to that this week.

Mr. Fontaine. Fine. We appreciate it.

Mr. Sullivan. Thank you, Mr. Chairman.

Mr. Roybal. We will insert the justification in the record at this point.

[The justification follows:]

GENERAL SERVICES ADMINISTRATION, FEDERAL BUILDINGS FUND

PUBLIC BUILDINGS SERVICE PROGRAM SUMMARY

FY 1985-1987

	FY 1985	FY 1986	FY 1987	CHANGE FY 1986-FY 1987
NEW OBLIGATIONAL AUTHORITY ($000)				
Construction and Acquisition.........	150,141	243,619	100,000	-143,619
Repairs and Alterations..............	230,201	249,796	362,044	112,248
Design and Construction Services.....	84,507	133,227	72,442	-60,785
Special Projects.....................	348	-	-	-
Subtotal Capital Programs	465,197	626,642	534,486	-92,156
Purchase Contract....................	178,911	135,100	143,442	8,342
Rental of Space......................	855,059	885,300	935,100	49,800
Real Property Operations.............	689,899	709,678	734,319	24,641
Program Direction.............	118,509	55,481	57,090	1,609
Subtotal Operating Programs........	1,842,378	1,785,559	1,869,951	84,392
Total New Obligational Authority.....	2,307,575	2,412,201	2,404,437	-7,764
Reimbursable Authority.............	470,980	532,130	518,678	-13,452
EMPLOYMENT SUMMARY:				
Direct...........................	11,104	11,497	10,604	-893
Reimbursable.....................	2,844	2,267	1,259	-988
Total.......................	13,948	13,764	11,863	-1,881

Public Buildings Service, Federal Buildings Fund
(Basic Program)

GENERAL SERVICES ADMINISTRATION

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987

(Dollars in Thousands)

	Obligational Authority				
	Carried Forward From Prior Year	New	Total	Total Obligations	Unobligated Balance to be Carried Forward
FY 1986 President's Budget (amended)................	484,917	2,412,001	2,896,918	2,386,877	510,041
Proposed FY 1986 Supplemental.......	-	200	200	200	-
Total, FY 1986................	484,917	2,412,201	2,897,118	2,387,077	510,041
FY 1987 Proposed Budget.............	510,041	2,404,437	2,914,478	2,786,033	128,445
Increase/Decrease from 1986 to 1987.	25,124	-7,764	17,360	398,956	-381,596

Public Buildings Service, Federal Buildings Fund
(Basic Program)

SCHEDULE OF UNOBLIGATED AVAILABLE BALANCES

FY 1985 - FY 1987
(Dollars in Thousands)

	FY 1985 ACTUAL	FY 1986 TOTAL AUTHORIZED	FY 1987 TOTAL REQUESTED
Available from prior year for reauthorization.......	138,377	84,812	-39,328
Reprogramming Authority..............................	23,362		
Appropriation..	348	7,000	
RENT income..	2,148,213	2,227,361	2,398,828
Miscellaneous Income.................................	561	6,000	6,000
Outleasing Income....................................	2,317	4,200	4,200
SSA Payments...	34,898	43,500	43,800
Total Resources Available............................	2,348,076	2,372,873	2,413,500
New Obligational Authority (-) (Detail below).......	2,307,575	2,412,201	2,404,437
Rescission (-).......................................	3,204	-	-
Unobligated Balance of Annual Accounts (+)..........	33,725	-	-
Prior Year Recoveries (+)............................	13,790	-	-
Balance Available for Reauthorization...............	84,812	-39,328	9,063
Construction/Acquisition of Facilities.........	150,141	243,619 1/	100,000
Repairs and Alterations........................	230,201	249,796	362,044
Design and Construction Services...............	84,507	133,227	72,442
Special Projects...............................	348	-	-
Purchase Contract Payments.....................	178,911	135,100	143,442
Rental of Space................................	855,059	885,300	935,100
Real Property Operations.......................	689,899	709,678	734,319
Program Direction..............................	118,509	55,481	57,090
Total New Obligational Authority...............	2,307,575	2,412,201	2,404,437

1/ Includes claim supplemental of $200 thousand.

157

Public Buildings Service, Federal Buildings Fund
(Basic Program)

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987

(Dollars in Thousands)

	OBLIGATIONS						INCREASE OR DECREASE (-) FOR 1987					
	FY 1985 ACTUAL		FY 1986 ESTIMATE		FY 1987 ESTIMATE		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WY's	Amount	WY's	Amount	WY's	Amount	WY's	Amount	WY's	Amount	WY's	Amount
1. Construction and Acquisition of Facilities......		65,333		183,872		413,659		229,787		229,787		
2. Repairs and Alterations.....		232,203		288,575		417,495		128,920		128,920		
3. Design and Construction Services.........	603	57,711	682	129,071	682	84,928		-44,143		-43,693		-450
4. Purchase Contract Payments..		178,116		135,100		143,442		8,342				8,342
5. Rental of Space..		833,202		885,300		935,100		49,800		7,573		42,227
6. Real Property Operations												
a) Cleaning.........	2,077	180,337	2,740	167,530	2,252	174,450	-488	6,920	-488	2,838		4,[illegible]
b) Util/Fuel.........		212,119		215,610		225,697		10,087		1,031		9,056
c) Maintenance.......	2,610	129,813	2,581	127,154	2,476	132,009	-105	4,855	-105	1,758		3,097
d) Other Bldg Serv..	1,415	67,338	1,904	74,900	1,904	81,782		6,882		6,209		673
e) Protection.......	1,726	56,999	2,091	58,064	1,791	59,914	-300	1,850	-300	651		1,199
f) Other Staff Supp.	198	6,745	1,093	37,280	1,093	37,670		390		80		310
g) Delegated Bldgs..		17,000		15,057		18,597		3,540		2,908		632
h) ADP Support......		9,355		14,083		4,200		-9,883		-10,049		166
Subtotal, Real Property Operations....	8,026	679,706	10,409	709,678	9,516	734,319	-893	24,641	-893	5,406		19,235
7. Program Direction												
a) Overall Direction	1,675	67,158	406	18,235	406	19,611		1,376				1,376
b) Centralized Serv.		15,140		17,346		17,579		233				233
c) ADP Support......		35,250		19,900		19,900						
Subtotal, Program Direction	1,675	117,548	406	55,481	406	57,090		1,609				1,609
8. Special Projects		348										
Total Direct	11,104	2,164,248	11,497	2,387,077	10,604	2,786,033	-893	398,956	-893	327,993		70,963
Permanent Positions:												
Direct	10,710		10,952		9,967		-985		-985			
Reimbursable	2,373		1,886		1,050		-836		-836			
Total	13,083		12,838		11,017		-1,821		-1,821			

Public Buildings Service, Federal Buildings Fund

(Basic Program)

SUMMARY EXPLANATION OF CHANGES FROM FY 1986 TO FY 1987

(Dollars in Thousands)

	Construction (Activity 1)	R & A (Activity 2)	D&C Services (Activity 3)		Purchase Contract (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
PROGRAM CHANGES:												
Increases:												
Net increase in obligations for prior year construction projects and acquisition of facilities	229,787	-	-	-	-	-	-	-	-	-	-	229,787
Obligation of funds for Repairs and Alterations projects	-	128,920	-	-	-	-	-	-	-	-	-	128,920
Annualization of cost of space acquired in FY 1986	-	-	-	-	-	29,488	-	-	-	-	-	29,488
Part-year cost of new agency space requirements in FY 1987	-	-	-	-	-	27,725	-	-	-	-	-	27,725
Increased workload in GSA-operated space	-	-	-	-	-	-	-	3,934	-	-	-	3,934
Change in moving requirements, including moves necessitated by asbestos abatement projects	-	-	-	-	-	-	-	3,253	-	-	-	3,253
Maintenance repairs, fuel purchases, custodial and other building services deferred from FY 1986	-	-	-	-	-	-	-	13,713	-	-	-	13,713
FY 1987 Building Delegations funding transfers	-	-	-	-	-	-	-	2,928	-	-	-	2,928
Subtotal, Program Increases	229,787	128,920	-	-	-	57,213	-	23,828	-	-	-	439,748

Public Buildings Service, Federal Buildings Fund

(Basic Program)

SUMMARY EXPLANATION OF CHANGES FROM FY 1986 TO FY 1987

(Dollars in Thousands)

	Construction (Activity 1)	R & A (Activity 2)	D&C Services (Activity 3)		Purchase Contract (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
Reductions:												
Net decrease in obligations for D&C services	-	-	-	-43,693	-	-	-	-	-	-	-	-43,693
Decrease of part-year savings on rental of space in FY 1987, and annualization of rental savings in FY 1986	-	-	-	-	-	-49,640	-	-	-	-	-	-49,640
Program savings/cost avoidances to be achieved through productivity improvements, A-76 implementation, and energy conservation measures	-	-	-	-	-	-	-893	-7,993	-	-	-893	-7,993
Decreased workload in GSA-operated space	-	-	-	-	-	-	-	-2,696	-	-	-	-2,696
Decrease for one-time equipment purchases and systems development and maintenance	-	-	-	-	-	-	-	-7,733	-	-	-	-7,733
Subtotal, Program Decreases	-	-	-	-43,693	-	-49,640	-893	-18,422	-	-	-893	-111,755
Total, Program Changes	229,787	128,920	-	-43,693	-	7,573	-893	5,406	-	-	-893	327,993

Public Buildings Service, Federal Buildings Fund

(Basic Program)

SUMMARY EXPLANATION OF CHANGES FROM FY 1986 TO FY 1987

(Dollars in Thousands)

	Construction (Activity 1)	R & A (Activity 2)	ADP Services (Activity 3)		Purchase Contract (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
OTHER CHANGES:												
Increases necessary to maintain current levels:												
Revised tax rates and First time tax payments	-	-	-	-	6,670	-	-	-	-	-	-	6,670
Mandatory redemptions under Dual System and Dual and Package Systems Fixed payment:	-	-	-	-	5,274	-	-		-	-		5,274
Part-year cost of rental rate increases and the annualization of rental rate increases in FY 1986	-	-	-	-	-	42,227	-	-	-	-	-	42,227
Inflationary increases for supplies/materials and service contracts	-	-	-	-	-	-	-	11,979	-	-	-	11,979
Utilities and Fuels rate increases	-	-	-	-	-	-	-	9,056	-	-	-	9,056
Restoration of full-year cost of FY 1986 five percent pay reduction	-	-	-	-	-	-	-	-	-	69	-	69
Inflationary increases for payment associated with unemployment compensation	-	-	-	-	-	-	-	-	-	120	-	120
Inflationary increases for contractual services, ADP support, and supplies/materials	-	-	-	-		-	-	-	-	1,538	-	1,538
Subtotal, Other Increases	-	-	-	-	11,944	42,227	-	21,035	-	1,727	-	76,933

Public Buildings Service, Federal Buildings Fund

(Basic Program)

SUMMARY EXPLANATION OF CHANGES FROM FY 1986 TO FY 1987

(Dollars in Thousands)

	Construction (Activity 1)	R & A (Activity 2)	D&C Services (Activity 3)		Purchase Contract (Activity 4)	Rental of Space (Activity 5)	Real Property Operations (Activity 6)		Program Direction (Activity 7)		Total	
	Amount	Amount	WY's	Amount	Amount	Amount	WY's	Amount	WY's	Amount	WY's	Amount
Reductions:												
Change in principal, interest and tax payment requirements	-	-	-	-	-3.622	-	-	-	-	-	-	-3.622
Reductions of GS/GM 11-15's in accordance with Administration direction	-	-	-	-850	-	-	-	-1.000	-	-118	-	-2.360
Subtotal, Other Decreases	-	-	-	-850	-3.622	-	-	-1.000	-	-118	-	-5.990
Total, Other Changes	-	-		-850	8.340	41.227	-	19.235	-	1.609	-	70.963
Total, Increases or Decreases in 1987 as compared with 1986	229.787	128.920	-	36.143	9.340	49.909	-893	24.681	-	1.609	-892	398.954

162

Public Buildings Service, Federal Buildings Fund
(Basic Program)

SUMMARY OF BUDGET AUTHORITY
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted/Requested Budget Authority................................	348	7,000	-
Reductions of Budget Authority pursuant to P.L. 99-177............	-	301	-
Total Budget Authority..	348	6,699	-

Summary of New Obligational Authority
FY 1986 - 1987

Net decrease of $7,764,000 from the proposed FY 1986 obligational authority (FY 1986 enacted by Congress, $2,412,001,000, plus supplemental appropriation of $200,000).

-- Net decrease of $143,619,000 in new obligational authority in the Construction and Acquisition of Facilities activity. The program consists of one construction project, funding in the amount of $1,000,000 for construction projects not subject to prospectus approval (less than $500,000), and funding for the purchase of commercial buildings in major cities where high rental costs, large amounts of space leased to the government, and the need for agency consolidation make owning rather than renting economically preferable.

-- Net increase of $112,248,000 in new obligational authority in the Repairs and Alterations activity which provides funding for safety and health of building occupants and visitors, preparing vacant space for occupancy, accomplishing basic repair work, serving special program needs, supporting U.S. Courts, and preserving historic buildings.

-- Net decrease of $60,785,000 in new obligational authority in the Design and Construction Services activity. Decreases consist of $42,928,000 for design and management/inspection (M&I) of new construction projects; $15,902,000 for design and M&I of Repairs and Alterations line item projects; and $3,301,000 in support of the non-line item program. These decreases totaling $62,131,000 are offset by an increase of $1,346,000 for technical services.

-- Net increase of $8,342,000 in the Purchase Contract Payments activity. Increases provide $2,646,000 for revised tax rates for state and local taxes; $4,024,000 for first time tax payments on three buildings located in Illinois; $4,072,000 for mandatory redemptions under the Dual System for FY 1986 levels; and $1,222,000 for Dual and Package System fixed payments. These increases totaling $11,964,000 are offset by $3,016,000 reduction in principal and interest payments and $606,000 reduction in taxes.

-- Net increase of $49,800,000 in new obligational authority for the Rental of Space activity. This provides $29,488,000 for agency expansion space (3.8 million square feet) acquired in FY 1986; $27,725,000 for agency expansion space (2.4 million

163

Summary of New Obligational Authority (Cont'd)
FY 1986 - 1987

square feet) to be acquired in FY 1987; and $42,227,000 for commercial rate increases. This increase totaling $99,440,000 is offset by a decrease of $31,914,000 for space released in FY 1986 and a decrease of $17,726,000 for release of leased space resulting from agencies' moves to new Federal buildings and to consolidate locations.

-- Net increase of $24,641,000 in new obligational authority in the Real Property Operations activity. Increases provide $3,954,000 for operations in newly-acquired GSA-operated space; $3,253,000 for GSA improved space utilization initiatives and asbestos abatement relocations; $9,056,000 for utility rate and fuel cost escalations; $11,979,000 for increased cost of supplies, materials, and service contracts; $13,713,000 for the partial restoration of selected program activities which will be deferred in FY 1986 to support other program initiatives such as automated support to regional and field activities, fire and safety programs (asbestos and PCB abatement) and improved management of GSA's space inventory; and $2,908,000 for building delegations. These increases totaling $44,863,000 are offset by decreases totaling $20,222,000 consisting of $7,733,000 for one-time equipment purchases; $2,696,000 for costs related to GSA-operated space scheduled to be released in FY 1987; $2,156,000 in savings due to energy conservation; $5,837,000 for savings through productivity improvements including A-76 implementation; and $1,800,000 for reduction in costs for GS/GM 11-15 in accordance with Administration direction.

-- Net increase of $1,609,000 in new obligational authority for the Program Direction activity. Increases consist of $1,202,000 for contractual and supportive services and payment for other services provided on a centralized basis; $456,000 for other operating costs; and $69,000 for full-year cost of restoration of the proposed FY 1986 pay reduction. This increase totaling $1,727,000 is offset by a decrease of $118,000 for reduction in costs for GS/GM 11-15 in accordance with Administration direction.

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS
(Direct and Reimbursable)

11 Personnel Compensation - $325,815,000 for 11,863 workyears distributed as follows:

1985	1986	1987
13,948	13,744	11,863

12 Personnel Benefits - $40,054,000 - Includes $21,495,000 for direct contribution to the retirement fund; $7,528,000 for health benefits; $741,000 for group insurance; $2,781,000 FICA; and $7,509,000 for payment to the Department of Labor for Employees' Accident Compensation Fund. This includes contribution to Medicare for employees under this account.

13 Benefits for Former Personnel - $1,664,000 for severance pay and unemployment compensation.

21 Travel and Transportation of Persons - $8,039,000 - Includes $4,155,000 for the Direct Program; $433,000 for all aspects of the Real Property Reimbursable Program; and $3,451,000 for motor pool se vices.

22 Transportation of Things - $4,510,000 for transportation for movement of household goods, and supplies and materials related to Public Buildings Service programs and projects.

23 Rent, Communications and Utilities - $1,192,788,000 - Includes $910,251,000 for the rental of office or other space from commercial sources and $24,849,000 for payment to the U.S. Postal Service for space occupied in USPS buildings by Federal agencies for which GSA is responsible for providing space; $181,762,000 for utility services for Government-owned and leased buildings; $289,000 for depreciation of administrative furniture and equipment; $5,402,000 for telephone and teletype services; $1,791,000 for postage and fees; and $68,444,000 for overtime building operations and other similar reimbursable services not subject to Standard Level User Charges.

24 Printing and Reproduction - $6,027,000 for printing of administrative and program material such as blueprints, invitations to bid, drawings and utilization surveys, space layouts and tenant alterations.

25 Other Services - $1,353,754,000 - Includes $1,344,017,000 for payment to commercial contractors for architect-engineering services, construction, contract cleaning and protection, and management services in connection with construction and other commercial contracts; $6,050,000 for payment to the Automatic Data Processing Fund; and $3,687,000 for payment to other Government agencies for health services, training, security investigations and other miscellaneous expenses.

26 Supplies and Materials - $128,914,000 for office supplies and for operating supplies for the Real Property program.

31 Equipment - $4,521,000 for purchase of administrative equipment and operating equipment necessary to maintain and operate real property.

32 Lands and Structures - $130,380,000 - Includes $95,308,000 for costs incident to the new construction program and $35,072,000 for payment of principal under the purchase contract program.

41 Grants, Subsidies, and Contributions - $20,936,000 for payment of taxes and assessments relating to the purchase contract program.

43 Interest and Dividends - $87,309,000 for payment of interest for purchase contract projects as follows: $81,010,000 for the First, Second, Third, Fourth, Fifth, Sixth and Seventh indentures of dual system projects; and $6,299,000 for the 19 package system projects.

BLANK PAGE

BLANK PAGE

BLANK PAGE

SUMMARY OF NEW OBLIGATIONAL AUTHORITY REQUESTED IN FY 1987
FOR ALL PROSPECTUS-LEVEL CAPITAL PROJECTS
BY SOURCE OF FUNDING
(DOLLARS IN THOUSANDS)

CATEGORY/PROJECT	CONSTRUCTION/ACQUISITION			REPAIRS AND ALTERATIONS	DESIGN AND CONSTRUCTION SERVICES			TOTAL FY 1987 REQUEST
	SITE	CONSTR.	TOTAL	(CONSTRUCTION)	DESIGN	MGMT/INSP	TOTAL	
FY 1987 NEW CONSTRUCTION PROGRAM:								
COLUMBUS, NM, BORDER STATION	45	2,635	2,680		294	194	488	3,168
R&A PROJECTS SCHEDULED FOR DESIGN IN FY 1987:								
LOS ANGELES, CA, CT					386	0	386	386
WASH., DC, CENTRAL HTG. PLANT					700	0	700	700
ARLINGTON, VA, PENTAGON					2,400	0	2,400	2,400
CHICAGO, IL, FSS DEPOT					376	0	376	376
AUSTIN, TX, IRS COMPLEX					743	0	743	743
WASH., DC, IRS					110	0	110	110
MIDDLE RIVER, MD, DEPOT					1,000	0	1,000	1,000
CHICAGO, IL, DIRKSEN FB					869	0	869	869
PHILADELPHIA, PA, CT					500	0	500	500
AUSTIN, TX, PO					445	0	445	445
CHAMPAIGN, IL, FB					176	0	176	176
ABINGDON, VA, FB					100	0	100	100
SACRAMENTO, CA, FB/CT					642	0	642	642
NEW ORLEANS, LA, BOGGS FB					657	0	657	657
BOSTON, MA, MCCORMACK PO/CT					3,200	0	3,200	3,200
DETROIT, MI, MCNAMARA FB					302	0	302	302
BALTIMORE, MD, APPRAISERS STORES					272	0	272	272
SUBTOTAL R&A DESIGN					12,878	0	12,878	12,878

SUMMARY OF NEW OBLIGATIONAL AUTHORITY REQUESTED FOR FY 1987
FOR ALL PROSPECTUS-LEVEL CAPITAL PROJECTS
BY SOURCE OF FUNDING
(DOLLARS IN THOUSANDS)

CATEGORY/PROJECT	CONSTRUCTION/ACQUISITION			REPAIRS AND ALTERATIONS	DESIGN AND CONSTRUCTION SERVICES			TOTAL FY 1987 REQUEST
R&A PROJECTS SCHEDULED FOR CONSTRUCTION IN FY 1987:	SITE	CONSTR.	TOTAL	(CONSTRUCTION)	DESIGN	MGMT/INSP	TOTAL	
SAN DIEGO, CA, FB/CT				1,178	0	88	88	1,266
HONOLULU, HI, FB/CT				1,850	203	139	342	2,192
LAS VEGAS, NV, FB/CT				2,197	231	157	388	2,585
BROOKLYN, NY, FB#2				9,544	0	573	573	10,117
WASH.,DC, STEAM DISTR.COMPLEX				13,796	1,307	759	2,066	15,862
LOS ANGELES, CA, 300 N LA				7,825	173	470	643	8,468
**MILWAUKEE, WI, FB/CT				2,799	0	210	210	3,009
*NEW ORLEANS, LA, HEBERT FB				9,928	0	596	596	10,524
ASHEVILLE, NC, FB				7,847	0	470	470	8,317
ARLINGTON, VA, PENTAGON				12,420	0	740	740	13,160
KANSAS CITY, MO, 2306 E.BANN				4,408	0	331	331	4,739
**ARLINGTON, VA, FB#2				7,464	0	448	448	7,912
***PORTLAND, OR, FB (BPA)				12,069	1,026	724	1,750	13,819
WASH., DC, NEW POST OFFICE				1,700	0	128	128	1,828
PHOENIX, AZ, FB/CT				762	0	57	57	819
BIRMINGHAM, AL, FB/CT				3,899	0	292	292	4,191
CHICAGO, IL, USRRB BLDG.				5,200	0	312	312	5,512
DALLAS, TX, FB 1114 COMM				1,600	0	120	120	1,720
*BOSTON, MA, JFK FB				13,544	0	1,001	1,001	14,545
E. ST. LOUIS, IL, FB/CT				3,762	0	282	282	4,044
***SAN FRANCISCO, CA, PO/APPEALS CT				1,683	185	126	311	1,994
SALT LAKE CITY, UT, PO/CT				675	74	51	125	800
CASPER, WY, FB/CT				1,923	213	143	356	2,279
SAN DIEGO, CA, FB/OLD CT				1,576	172	120	292	1,868
SAN ANTONIO, TX, PO/CT				6,078	467	334	801	6,879
NEW YORK, NY, BOUL.GREEN CU				8,000	680	480	1,160	9,160
TRENTON, NJ, FB/CT				2,070	0	215	215	2,285
SAN FRANCISCO, CA, FB/CT				20,000	966	910	1,876	21,876
ST. LOUIS, MO, MART FB				20,000	0	1,200	1,200	21,200
*MIAMI, FL, FB				11,481	300	689	989	12,470
**WASH., DC, FB #6				1,213	0	91	91	1,304
**WASH., DC, FB #8				1,886	0	141	141	2,027
**WASH., DC, FB #9				1,713	0	128	128	1,841
**WASH., DC, FB #10A				1,121	0	84	84	1,205
**WASH., DC, GEN. ACCT. OFF.				3,552	0	266	266	3,818
**WASH., DC, JUSTICE DEPT.				599	0	47	47	646
**WASH., DC, STATE DEPT.				2,765	0	207	207	2,972
**KANSAS CITY, MO, 601 E 12TH				997	0	75	75	1,072
**KANSAS CITY, MO, 1500 E.BANN.				2,560	0	192	192	2,752
**ST.LOUIS, MO, 4300 GOODFELLOW				2,176	0	163	163	2,339
SUBTOTAL R&A CONSTRUCTION				215,860	5,997	13,559	19,556	235,416
TOTAL FY 1987 REQUEST FOR PROSPECTUS-LEVEL PROJECTS	45	2,635	2,680	215,860	19,169	13,753	32,922	251,462

*INCLUDES ASBESTOS ABATEMENT
**INCLUDES PCB ABATEMENT
***INCLUDES BOTH ASBESTOS AND PCB ABATEMENT

167

Public Buildings Service, Federal Buildings Fund

(Basic Program)

SELECTED WORKLOAD DATA

	1985 ACTUAL	1986 ESTIMATES	1987 ESTIMATES	PERCENT OF CHANGE 1986 VS 1987
1. Construction				
a. New Starts (Direct Federal Funding)	2	8	1	-87.5%
b. Obligations ($ Millions)	65.3	164.6	344.3	109.2%
c. Under Construction	14	13	[illegible]	[illegible]
2. Repairs and Alterations				
a. Square Footage Under GSA Responsibility (Million Sq. Ft.) 1/	226.5	226.9	225.9	-0.5%
b. Total Obligations ($ Millions)	232.2	288.6	417.5	44.7%
Obligations - Line Items	88.2	162.5	274.9	69.2%
Obligations - Minor	144.0	126.1	142.6	13.1%
c. New Starts - Line Items	30	29	40	37.9%
3. Design and Construction Services				
a. New Design Starts (Number of Projects)				
R&A Line Items	24	36	17	-52.8%
New Construction	9	5	1	-80.0%
b. Total Projects Under Design				
R&A Line Items	55	65	51	-21.5%
New Construction	25	14	9	-35.7%
4. Purchase Contract Payments				
a. Number of Projects	73	69	64	-7.2%
b. Total Principal Payments ($ Thousands)	39,224	29,975	35,072	17.0%
c. Total Interest ($ Thousands)	117,579	90,120	87,309	-3.1%
d. Total Tax Payments ($ Thousands)	21,253	14,872	20,936	40.8%
e. Total Administrative Expenses ($ Thousands)	60	125	125	0.0%
f. Total Payments ($ Thousands)	178,116	135,100	143,442	6.2%
5. Rental of Space				
a. Total Number of Leases	4,764	4,695	4,630	-1.4%
b. Total Space in Inventory (Million Sq. Ft.) 1/	226.5	226.9	225.8	-0.5%
Government-Owned	130.3	129.6	129.6	0.0%
Leased	96.2	97.3	96.2	-1.3%
c. Personnel Housed (Thousands)	887.3	885.5	888.5	0.4%
d. Total Obligations ($ Millions)	833.3	885.3	935.1	5.6%
6. Real Property Operations				
a. Average Occupiable Square Feet (000)				
Cleaning	168,991	170,923	171,259	0.2%
Utilities and Fuel	201,402	203,393	203,831	0.2%
Maintenance	167,453	169,446	169,605	0.1%
Other Building Services	233,204	240,914	241,138	0.1%
Protection	263,504	265,240	265,843	0.2%
Delegated Buildings	3,418	3,250	3,598	10.7%
b. Unit Cost Per Square Foot				
Cleaning	1.07	0.98	1.02	4.1%
Utilities and Fuel	1.05	1.06	1.11	4.7%
Maintenance	0.78	0.75	0.78	4.0%
Other Building Services	0.29	0.30	0.33	10.0%
Protection	0.22	0.22	0.23	4.5%
Delegated Buildings	4.97	4.62	4.81	4.1%

1/ Does not include outside parking.

GENERAL SERVICES ADMINISTRATION
FEDERAL BUILDINGS FUND
LIMITATIONS ON AVAILABILITY OF REVENUE

[For additional expenses necessary to carry out the purposes of the fund established] pursuant to section 210(f) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)), shall be available for necessary expenses of real property management and related activities not otherwise provided for, [$7,000,000 to be deposited into said fund. The revenues and collections deposited into said fund] including operation, maintenance, and protection of federally owned and leased buildings; rental of buildings in the District of Columbia; restoration of leased premises; moving Government agencies (including space adjustments) in connection with the assignment, allocation and transfer of space; contractual services incident to cleaning or servicing buildings and moving; repair and alteration of federally owned buildings, including grounds, approaches and appurtenances; care and safeguarding of sites; maintenance, preservation, demolition, and equipment; acquisition of buildings and sites by purchase, condemnation, or as otherwise authorized by law; conversion and extension of federally owned buildings; preliminary planning and design of projects by contract or otherwise; construction of new buildings (including equipment for such buildings); and payment of principal, interest, taxes, and any other obligations for public buildings acquired by purchase contract, in the aggregate amount of [$2,412,001,000] of which (1) not to exceed [$243,419,000] shall remain available until expended for construction of additional projects as authorized by law at locations and at maximum construction improvement costs (including funds for sites and expenses) as follows:

The revenues and collections deposited into the fund

$2,404,437,000

$ 100,000,000

New Construction:

[California:
Los Angeles, Federal Building, Courthouse and parking facility, $137,198,000

Idaho:
Eastport, Border Station, $2,147,000

Missouri:
Overland National Personnel Records Center Extension, $48,932,000

New Jersey:
Newark, Federal Building, Courthouse, $44,975,000

Washington:
Seattle, Laboratory, $9,767,000]

New Mexico:
Columbus, Border Station, $2,680,000

South Carolina:
Columbia, Federal Building, Courthouse, Claim, $1,057,000

Purchase:

New York:
Wellesley Island, Border Station, $1,925,000

Other Selected Purchases including options to purchase, $73,338,000

Construction Projects, less than $500,000, $ 1,000,000: [$400,000:] Provided, That each of the immediately foregoing limits of costs may be exceeded to the extent that savings are effected in other such projects, but by not to exceed 10 per centum: Provided further, That all funds for direct construction projects shall expire on September 30, [1987] 1988 and remain in the Federal Buildings Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date: Provided further, That claims against the Government of less that $50,000 arising from direct construction projects, acquisitions of buildings and purchase contract projects pursuant to Public Law 92-313, be liquidated with prior notification to the Committees on Appropriations of the House and Senate to the extent savings are effected in other such projects; (2) not to exceed [$269,096,000] $362,044,000 which shall remain available until expended, for repairs and alterations: Provided further, That funds in the Federal Buildings Fund for Repairs and Alterations shall, for prospectus projects, be limited to the amount by project as follows, except each project may be increased by an amount not to exceed 10 per centum unless advance [approval is obtained from] notice thereof is given to the Committees on Appropriations of the House and Senate [for] of a greater amount:

Repairs and Alterations:

[California:
Hawthorne, Federal Building, $7,383,000
Los Angeles, Courthouse, $2,570,000

Colorado:
Denver, Federal Building and Customhouse, $8,540,000

District of Columbia:
General Accounting Office, $16,200,000
ICC Customs, $2,262,000
Steam Distribution System, $13,796,000
Pension Building, $16,700,000

Illinois:
Chicago, Kluczynski Federal Building, $4,152,000
Peoria, Federal Building, $1,041,000

Indiana:
Ft. Wayne, Post Office, Courthouse, $5,275,000

Kentucky:
Louisville, Post Office, Courthouse, $5,518,000]

Alabama:
Birmingham, Federal Building, Courthouse, $3,899,000

Arizona:
Phoenix, Federal Building, Courthouse, $762,000

California:
Los Angeles, Federal Building, $7,825,000
San Diego, (Old) Federal Building, $1,376,000
San Diego, Federal Building, Courthouse, $1,178,000
San Francisco, Court of Appeals, Post Office, $1,683,000
San Francisco, Philip Burton Federal Building, Courthouse, $20,000,000

District of Columbia:
Federal Office Building, New Post Office, $1,700,000
Federal Building #4, $1,213,000
Federal Building #6, $1,686,500
Federal Building #7, $1,712,500
Federal Building #10A, 1,121,000
General Accounting Office, $3,332,500
Justice, $599,500
State, $2,764,500
Steam Distribution System, $13,796,000

Florida:
Miami, Federal Building, $11,481,000

170

[Kansas:
Wichita, Courthouse, $4,840,000

Louisiana:
Lafayette, Federal Building, Courthouse, $2,083,000

Maryland:
Beltsville, James J. Rowley Secret Service Training Center, $5,000,000

Michigan:
Detroit, McNamara Federal Building, $7,600,000

Missouri:
Kansas City, Federal Building, $6,569,000

New Hampshire:
Manchester, Post Office, Courthouse, $1,788,000

New York:
Utica, Federal Building, Courthouse, $1,764,000

Ohio:
Cleveland, Celebrezze Federal Building, $6,507,000

Oklahoma:
Oklahoma City, Federal Building, Courthouse, $2,416,000

Pennsylvania:
Scranton, Post Office, Courthouse, $3,863,000

Puerto Rico:
Hato Rey, Federal Building, Courthouse, $1,683,000

Texas:
Dallas, Cabell Federal Building, Courthouse, $3,943,000
Dallas, Terminal Annex, $4,600,000
Fort Worth, Warehouse #1, $1,986,000
San Antonio, Post Office, Courthouse, $6,078,000

Virginia:
Richmond, Federal Building, $1,125,000]^

Hawaii:
Honolulu, Federal Building, Courthouse, $1,850,000

Illinois:
Chicago, Railroad Retirement Board Building, $5,200,000
East St. Louis, Federal Building, Courthouse, $3,762,000

Louisiana:
New Orleans, F. Edward Hebert Federal Building, $9,928,000

Massachusetts:
Boston, John F. Kennedy Federal Building, Phase I, $13,544,000

Missouri:
Kansas City, Federal Building, $4,408,000
St. Louis, Federal Building (Mart), Phase I, $20,000,000
Kansas City, 601 E. 12th, $994,500
Kansas City, 1500 Bannister, $2,560,000
St. Louis, 4300 Goodfellow, $2,174,000

Nevada:
Las Vegas, Federal Building, Courthouse, $2,197,000

New Jersey:
Trenton, Federal Office Building, $2,070,000

New York:
New York City, Customhouse, $8,000,000
Brooklyn, Federal Building #2, $9,344,000

North Carolina:
Asheville, Federal Building, $7,847,000

Oregon:
Portland, Federal Building, $12,069,000

Texas:
Dallas, Federal Building, $1,400,000
San Antonio, Post Office, Courthouse, $6,078,000

Utah:
Salt Lake City, Post Office, Courthouse, $675,000

Virginia:
Arlington, Federal Building #2, $7,464,000
Arlington, Pentagon, $12,420,000

Wisconsin:
Milwaukee, Federal Building, Courthouse, $2,799,000

Wyoming:
Casper, Federal Building, Courthouse, $1,923,000

Minor Repairs and Alterations, [$128,614,000]:✓ $146,184,000

Provided further, That additional projects for which prospectuses have been fully approved may be funded under this category only if advance [approval is obtained from] the Committees on Appropriations of the House and Senate: Provided further, That all funds for repairs and alterations prospectus projects shall expire on September 30, [1987] and remain in the Federal Buildings Fund except funds for projects as to which funds for design or other funds have been obligated in whole or in part prior to such date; (3) not to exceed [$135,100,000] for payment on purchase contracts entered into prior to July 1, 1975; (4) not to exceed [$866,000,000] for rental of space; (5) not to exceed [$709,678,000] for real property operations; (6) not to exceed [$55,481,000] for program direction and centralized services; and (7) not to exceed [$133,227,000] for design and construction services which shall remain available until expended: Provided further, That for the purposes of this authorization, buildings constructed pursuant to the Public Buildings Purchase Contract Act of 1954 (40 U.S.C. 356), the Public Buildings Amendments of 1972 (40 U.S.C. 490), and buildings under the control of another department or agency where alterations of such buildings are required in connection with the moving of such other department or agency from buildings then, or thereafter to be, under the control of the General Services Administration shall be considered to federally owned buildings: Provided further, That none of the funds available to the General Services Administration shall be available for expenses in connection with any construction, repair, alteration, and acquisition project for which a prospectus, if required by the Public Buildings Act of 1959, as amended, has not been approved, except that necessary funds may be expended for each project for required expenses in connection with the development of a proposed prospectus: Provided further, That funds available in the Federal Buildings Fund may be expended for emergency repairs when advance [approval is obtained from] the Committees on Appropriations of the House and Senate: Provided further, That amounts necessary to provide reimbursable special services to other agencies under section 210(f)(6) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 490(f)(6)) and amounts to provide such reimbursable fencing, lighting, guard booths, and other facilities on private or other property not in Government ownership or control as may be appropriate to enable the United States Secret Service to perform its protective functions pursuant to 18 U.S.C. 3056 as amended, shall be available from such revenues and collections: [Provided further, That $2,000,000 available herein for design and construction shall be available for transfer to the city of Mesa, Arizona for expenses in connection with the design and construction of a Federal building in Mesa, Arizona:] Provided further, That revenues and

notice thereof has been given to

1988

$143,442,000

$135,100,000

$774,319,000

$ 57,090,000

$ 72,442,000

notice thereof has been given to

collections and any other sums accruing to this fund 1987
during fiscal year [1986] excluding reimbursements
under section 210(f)(6) of the Federal Property and
Administrative Services Act of 1949 (40 U.S.C. $2,404,437,000
490(f)(6)) in excess of [$2,412,001,000] shall remain
in the fund and shall not be available for expenditure
except as authorized in appropriation Acts.

NOTE: A regular 1986 appropriation for this account had not been enacted at the time this budget was prepared. A continuing resolution (Public Law 99-190) provides funds to the extent and in the manner provided for in the conference version of H.R. 3036, Treasury, Postal Service and General Government Appropriations Act, 1986, as amended by Public Law 99-190.

Public Buildings Service, Federal Buildings Fund
Explanation of Changes in Appropriation Language for FY 1987

The FY 1987 Federal Buildings Fund proposed language includes two changes from previously enacted legislation: 1) revision of the requirement for advance approval of the Appropriations Committees for Repair and Alteration project escalations exceeding ten percent, emergency repair projects over $500,000, and for additional major R&A projects not included in the budget request for which a prospectus has been fully approved; and 2) elimination of the requirement that all construction, repair and alteration, and acquisition of projects over $500,000 have an approved prospectus before obligations are incurred.

1) Changes to the Repairs and Alterations activity project list. The proposed language changes the requirement from "advance approval" of the Committees on Appropriations for the addition of R&A projects and project escalations exceeding ten percent, to providing the Committees with "advance notice" of these actions. While the Appropriations Committees will still retain control over the projects, this change will allow GSA to complete its repairs and Alterations program in a more timely and responsive manner when additional work is necessary. Further, the decision by the Supreme Court in INS v. Chada declared the practice of Congress delegating its approval powers to a Committee or Committees of Congress unconstitutional.

2: Prospectus approval. The subject language is not necessary in that the existing language in the Appropriation Act is adequate with respect to limiting funds for construction, repair and alteration, and acquisition projects. Further, the language can be construed to permit existing appropriations to be available for projects approved by the Committees subsequent to enactment of the Appropriation Act. Any provision which makes use of existing appropriations conditioned upon subsequent approval of a Committee or Committees of Congress has been found by the Department of Justice to be unconstitutional under the Supreme Court decision in INS v. Chada. GSA's General Counsel has also advised that funds may be expended in the development of a proposed project without specific language in the Appropriation Act. Thus, the language in this section stating that funds may be used for this purpose is also not necessary.

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1985		FY 1986		FY 1987		Total Changes		Program Changes		Other Changes	
Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
N/A	$65,333	N/A	$183,872 1/	N/A	$413,659	N/A	$229,787	N/A	$229,787	--	--

BACKGROUND

The Construction and Acquisition of Facilities activity meets the space needs of Federal agencies by funding new construction, acquisition of Post Office properties from the U. S. Postal Service and excess property from other government agencies, and the purchase of commercial buildings. It is the aim of the General Services Administration to increase the ratio of government-owned to leased facilities as the most economical means of housing government activities.

JUSTIFICATION

The FY 1987 Construction and Acquisition of Facilities activity proposes new obligational authority of $100,000 thousand, and an obligational level of $413,659 thousand. The proposed program will provide for the construction of one border station and the acquisition of another; provide resources for the buildings purchase program; provide funding for small projects (under $500 thousand); and allow payment of a claim brought by the contractor against a pre-Federal Buildings Fund project for which funds have lapsed.

The following projects are proposed for FY 1987:

NEW CONSTRUCTION

Columbus, NM, Border Station (Site and Construction)

This project provides for the construction of a new facility to replace the present inadequate border station, which is outdated, undersized, and in a poor state of repair. It is planned to demolish the old border station. The new facility will be properly located in relation to the border, and will contain 6,800 occupiable square feet of space with a 13,500 square foot canopy for two primary vehicle inspection points and six secondary inspection spaces. A 700-square foot dock capable of accommodating four trucks at a time for cargo inspection will be provided inside a fenced lot. The new facility will be designed to allow for future expansion.

Funds in the amount of $2,680 thousand under the Construction and Acquisition of Facilities activity and $488 thousand under the Design and Construction Services activity are being requested in FY 1987. Total estimated project cost is $3,168 thousand.

1/ Includes $200 thousand that will be requested as an FY 1986 supplemental to cover an unfunded claim against a prior year project in Atlanta, Georgia.

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

PROJECT LISTING

ACQUISITION

Wellesley Island, NY, Thousand Islands Bridge Border Station

This project will provide for the acquisition of a border station that is currently leased from the Thousand Islands Bridge Authority of the State of New York. The facility is situated on a 1.75 acre site, and improvements consist of six buildings and a blacktopped standing and maneuvering area. The buildings contain a total of 42,931 occupiable square feet, of which 30,460 is special use space, 4,400 is storage space, and 8,071 is office space.

The buildings include a two-story administration building with a cellar, a one-story warehouse building, a one-story store and warehouse building, a primary inspection station, a secondary inspection station, and a utilities building. The facility, which was completed in the fall of 1977, is in good condition, and will require few, if any alterations after purchase.

Funds in the amount of $1,925 thousand are requested for the acquisition of this building.

CLAIM

Columbia, SC, Federal Building and Courthouse (Claim)

This is a request for funds to pay a claim of $1,057 thousand against a project for which funds have lapsed. The project was originally funded by Purchase Contract authority under an indenture that collapsed on November 18, 1980, and appropriated funds that were rescinded in FY 1975.

In 1985 this claim, with interest, was paid by the U. S. Treasury under the terms of the Contract Disputes Act of 1978, which requires that reimbursement be made by the agency whose appropriations were used for the original concontract. Since funds for this project are no longer available, additional funding of $1,057 thousand is requested.

OTHER ACTIVITIES

Construction Projects Under $500 Thousand

Funds in the amount of $1,000 thousand are requested for development of projects not subject to prospectus approval (less than $500 thousand) identified by the General Services Administration. These funds will permit smaller projects to be developed quickly and efficiently. Examples of such projects are acquisition of land for additional parking, purchase of existing structures, and construction of special purpose buildings.

During the past three years funds authorized for small projects have been used to construct a storage building and purchase a motor pool facility. Construction is being completed on three storage buildings with unique requirements for the storage of hazardous materials such as flammable, toxic, explosive, or radioactive substances, and work is proceeding on two others with similar special requirements. Construction is also scheduled for a courthouse building, a repair and storage building, and a small depot office building. In addition, small project funds are being used to acquire a site for parking adjacent to a federal building-courthouse, the site on which a government-owned residence is located, and a site on which government-owned materials are stockpiled.

Building Purchase Program

The building purchase program provides for the purchase of commercial buildings in major cities where high rental costs, large amounts of space leased to the government. and the need for agency consolidation make owning rather than renting economically preferable. The General Services Administration will purchase buildings as they are offered for sale. After completion of negotiations, the purchase will proceed immediately, using funds available. Funds in the amount of $93,338 thousand are requested for this purpose.

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

PROJECT LISTING

PROJECTS	Site	Construction	Total Request NOA	Prospectus Status
NEW CONSTRUCTION				
NEW MEXICO				
Columbus - Border Station (Site and Construction)	$45	$2,635	$2,680	To be submitted.
ACQUISITION				
NEW YORK				
Wellesley Island - Thousand Islands Bridge Border Station	$1,925	---	$1,925	Not required.
CLAIM				
SOUTH CAROLINA				
Columbia - Federal Building and Courthouse (Claim)	---	$1,057	$1,057	Not required.
OTHER ACTIVITIES				
Construction Projects Under $500 Thousand	---	$1,000	$1,000	Not required.
Building Purchases	$93,338	---	$93,338	Prior notification of PWC's required.
Subtotal, Other Activities	$93,338	$1,000	$94,338	
TOTAL	$95,308	$4,692	$100,000	

Public Buildings Service, Federal Buildings Fund

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

ANALYSIS OF OBLIGATIONAL AUTHORITY AND OBLIGATIONAL LEVEL

	FY 1985	FY 1986	FY 1987	Future Years
Unobligated Balance Available SOY	$214,980 1/	$302,255	$362,002	$48,343
New Obligational Authority	150,141 2/	243,619 3/	100,000	-
Total Availability	$365,121	$545,874	$462,002	$48,343
Obligations Against Projects Authorized Prior to 1985	-59,004	-89,490	-46,121	-22,832
Obligations Against FY 1985 Projects	-6,329	-92,916	-39,656	-11,240
Obligations Against FY 1986 Projects	-	-1,466	-230,537	-11,616
Obligations Against FY 1987 Projects	-	-	-97,345	-2,655
Total Obligations	$ -65,333	$ -183,872	$ -413,659	$ -48,343
Prior Year Recoveries	2,467	-	-	-
Unobligated Balance Available EOY	$302,255	$362,002	$48,343	$ -

1/ Reflects carryover of $227,864 thousand less a reprogramming action of $12,884 thousand.

2/ Includes $120,299 thousand in New Obligational Authority and $29,842 thousand supplemental funding authorized by P. L. 99-88, August 15, 1985.

3/ Includes $200 thousand that will be requested as an FY 1986 supplemental to cover an unfunded claim against a prior year project in Atlanta, Georgia.

CONSTRUCTION AND ACQUISITION OF FACILITIES

(Dollars in Thousands)

ANALYSIS OF OBLIGATIONAL AUTHORITY AND OBLIGATIONAL LEVELS (Cont'd)

Explanation of changes in obligational level, FY 1986 vs. FY 1987:

Program changes, net increase of $229,787 thousand:

a. An increase of $326,416 thousand in obligational level in FY 1987 is due to anticipated construction starts for seven major projects authorized in FY 1985 and FY 1986, small projects scheduled for construction in FY 1987, and building purchases in FY 1987.

b. A decrease of $96,629 is attributable to continued activity in FY 1986 on construction projects initiated prior to FY 1985 that will have lessened obligational activity in FY 1987, as well as the bulk of the funding for building purchases authorized in FY 1985 that will be obligated in FY 1986.

REPAIRS AND ALTERATIONS

(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

Category	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Program Changes		Other Changes	
	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years
Line Item	$88,208	-	$162,533	-	$274,929	-	$112,396	-	-	-
Non-line Item	$143,995	-	$126,042	-	$142,566	-	$16,524	-	-	-
Total	$232,203	-	$288,575	-	$417,495	-	$128,920	-	-	-

BACKGROUND

Under this activity, the General Services Administration (GSA) executes its responsibility for repairs and alterations of both Government-owned and leased facilities under the control of GSA. The major goal of this activity is to provide commercially-equivalent space to tenant agencies. Safety, the state of repair, and operating efficiency of facilities are given primary consideration in carrying out this responsibility. A major portion of the FY 1987 program is devoted to non-discretionary basic work necessary to meet this goal and keep the buildings in an occupiable condition.

Repairs and Alterations workload requirements originate with scheduled on-site inspections of buildings by qualified regional engineers and Buildings Managers. The work identified through these inspections is programmed in order of priority into the Repairs and Alterations Construction Automated Tracking System (RACATS) and incorporated into a multi-year plan for accomplishment, based upon funding availability and the volume of Repairs and Alterations work that GSA has the capacity to execute annually.

The Repairs and Alterations program, for purposes of fund control, is divided into two types of projects: line item and non-line item. The following is a definition of each category of project.

Categories of Projects

1. Line Item Projects - Line Item projects are those larger projects for which a prospectus is required under the provisions of the Public Buildings Act of 1959 and for which over $500 thousand is to be obligated within a given fiscal year. Generally, line item projects are similar to construction projects in the scope of work involved and the multi-year time frame for project accomplishment. Line item projects are listed individually in GSA's Appropriations Act and the obligational authority for each project limited to the amount shown therein.

180

REPAIRS AND ALTERATIONS

Repairs and Alterations line item projects in this budget are categorized as follows: 1) accomplishing basic repair work; 2) ensuring the safety and health of building occupants and visitors; 3) preparing vacant space for occupancy; 4) supporting the U.S. Courts; 5) serving special program needs; and 6) preserving historic buildings. A line item project may include work in more than one category, but is identified by the primary category of work.

The first of these six categories, Basic Repairs, includes work essential to the preservation of the value and continued use of Federal assets. Typical projects include roof replacement; elevator rehabilitation; structural reinforcement; heating, ventilation, and air conditioning system renovation; and plumbing and electrical system repairs.

Health and Safety, the second category, includes work essential for the safety and health of building occupants and visitors. Work includes but is not limited to the installation of fire/smoke detection and sprinkler systems in high-rise buildings; repair/installation of elevator capture systems; asbestos and polychlorinated biphenyl (PCB) abatement projects; and the enclosure of exposed stairwells.

The third category of project is Vacant Space Alterations, or work necessary to renovate vacant buildings for occupancy. GSA acquires Post Office-Court House buildings when the Postal Service relocates to facilities more compatible with its current operations. The old Post Office buildings already house many U.S. Courts and a number of Federal agencies. Renovation of the space vacated by the Postal Service ultimately permits the relocation of Federal agencies from leased space into a Government-owned building.

Projects Supporting the U.S. Courts are in the fourth category. As the space requirements of the judiciary branch increase, it is necessary to construct new courtrooms and ancillary facilities in existing Federal buildings.

Special Program Needs, the fifth category, includes projects that represent unique requirements not specifically covered under the other five categories.

The sixth category of projects, Historic Preservation, involves the renovation of historic properties, e.g., major rehabilitation of the Old Post Office and Blair House.

2. Non-Line Item Projects - This category includes all smaller projects for which an amount less than $500 thousand is to be obligated within a given fiscal year. Projects included in this category are generally short-term in nature, and funds can normally be obligated within a one-year period. This category also includes projects which are recurring in nature, such as cyclic painting and pointing, and the minor repair of defective building systems (e.g., mechanical, plumbing, electrical, firesafety, and elevator system components).

JUSTIFICATION FOR FY 1987 NEw OBLIGATIONAL AUTHORITY

The FY 1987 Repairs and Alterations program proposes New Obligational Authority of $362,044 and an obligational level of $417,495 thousand. The New Obligational Authority will allow GSA to accomplish basic repairs; and provide a safe and healthful environment for Federal workers with emphasis on fire protection, asbestos abatement and Polychlorinated Biphenyl (PCB) abatement. The FY 1987 program includes $26,874 thousand for asbestos abatement and $27,816 thousand for PCB abatement. Also, facilities for the additional judgeships created by P.L. 98-353, Bankruptcy

REPAIRS AND ALTERATIONS

Amendments and Federal Judgeship Act of 1984 will be provided.

GSA realizes this is an ambitious program. Major R&A projects will be reviewed to identify candidates for advance design development which will allow on-time project completion, as well as allow for the overall delivery of the program at the lowest possible cost during the construction phase.

The R&A program will be delivered in FY 1987 by: 1) starting A/E selections for R&A projects immediately with an objective to award A/E contracts early in 1986; 2) completing design of most projects within 12 months; 3) completing most construction procurement within four months; 4) utilizing phased construction for projects of a large size and complexity; and 5) utilizing the design/build method of contracting to accomplish major asbestos abatement projects.

Building Delegations

GSA is proceeding with its building delegations program and expects to complete all single-tenant delegations by September 1986. GSA will budget directly within the Federal Buildings Fund for all delegated buildings. Each year participating agencies will receive from GSA funds for repair and alteration of the delegated buildings. Repairs and Alterations responsibilities delegated prior to July 1, 1985 will be budgeted by the delegatee agencies through FY 1987. GSA will budget directly for these buildings in FY 1988 (i.e., they will be treated the same as all other delegated buildings). Exhibit 54-5 reflects additional information on the R&A Delegations Program.

The following exhibits contain further information regarding the Repairs and Alterations program:

Exhibit 54-1 - Analysis of Budget Authority and Obligational Levels
Exhibit 54-2 - Work Required to Satisfy Omnibus Judgeship (P.L. 98-353) Needs
Exhibit 54-3 - Summary of the FY 1987 Request by Project
Exhibit 54-4 - Project Description - FY 1987 Projects
Exhibit 54-5 - R&A Building Delegations Program

Public Buildings Service, Federal Buildings Fund

REPAIRS AND ALTERATIONS EXHIBIT 54-1

ANALYSIS OF BUDGET AUTHORITY AND OBLIGATIONAL LEVELS
(dollars in thousands)

	FY 1985	FY 1986	FY 1987	Future Years
Unobligated Balance Available Start-of-Year	161,323	155,866	117,087	61,636
Reprogramming to Design & Construction Services 1/	-10,478			
New Obligational Authority	230,201 2/	249,796 3/	362,044	-
Total Obligational Authority	$381,046	$405,662	$479,131	$61,636
Obligations Against Projects Authorized Prior to FY 1985	-49,970	-11,882	-75,392	0
Obligations Against FY 1985 Projects	-38,238	-47,527	-15,776	0
Obligations Against FY 1986 Projects	-	-103,124	-14,446	-3,612
Obligations Against FY 1987 Projects	-	-	-169,315	-46,545
Obligations Against Non-Line Item Projects	-143,995	-126,042	-142,566	-11,479
(Total Obligations)	-232,203	-288,575	-417,495	-61,636
Prior Year Recoveries	7,023			
Unobligated Balance Available End-of-Year	$155,866	$117,087	$61,636	

1/ $10,478,000 was reprogrammed from Repairs and Alterations to fund design and management/inspection of projects authorized in prior years.

2/ FY 1985 New Obligational Authority includes the $220,701,000 originally authorized; an additional $1,108,000 for Lufkin, TX, included in supplemental funding authorized by P.L. 99-88, August 15, 1985; and $8,392.000 reprogrammed from the Rental of Space activity to fund emergency line item projects.

3/ The FY 1986 New Obligational Authority includes the $269,096,000 originally authorized and $19,300,000 reprogrammed to the Rental of Space activity.

NOTE: A separate analysis of the Jobs Bill (P.L. 98-8) status is not reflected in this package. This legislation provided $125,000,000 in FY 1983 for non-prospectus R&A projects. GSA expects to completely obligate the remainder of funds allocated for construction of Jobs Bill projects by the end of FY 1985. Any balances remaining at the end of FY 1985 will be merged with the regular non-line item program and will not be tracked separately in the future.

REPAIRS AND ALTERATIONS

SUMMARY OF THE FY 1987 REQUEST BY PROJECT
(dollars in thousands)

CATEGORY/PROJECT	AMOUNT
BASIC REPAIRS	
Brooklyn, NY; Federal Bldg #2	$9,544
Washington, DC Steam Dist. System	13,796
Milwaukee, WI Federal Bldg.-U.S. Courthouse	2,799 **
New Orleans, LA; F. Edward Hebert Federal Bldg.	9,928 *
Asheville, NC; Federal Bldg.	7,847
Kansas City, MO; 2306 E. Bann., Federal Bldg.	4,408
Arlington, VA; Federal Bldg. #2	7,464
Portland, OR; Federal Bldg.	12,069 ***
Washington, DC; Federal Bldg.- New Post Office	1,700
Birmingham, AL; Federal Bldg.-U.S. Courthouse	3,899
Chicago, IL; Railroad Retirement Board Bldg.	5,200
Dallas, TX; 1114 Commerce St., Federal Bldg.	1,600
Boston, MA; JFK Federal Bldg., Phase I	13,544 *
East St. Louis, IL; Federal Bldg.-U.S. Courthouse.	3,762
San Antonio, TX Post Office-Courthouse	6,078
Trenton, NJ; Federal Bldg.-U.S. Courthouse	2,070
SUBTOTAL, BASIC REPAIRS (16 projects)	$105,708
HEALTH AND SAFETY	
Arlington, VA; Pentagon	$12,420 **
San Francisco, CA; 450 Golden Gate, Philip Burton Federal Bldg.-Courthouse	20,000 ***
Miami, FL; Federal Bldg.	11,481 *
Washington, DC, Federal Building 6	1,213 **
Washington, DC, Federal Building 8	1,886 **
Washington, DC, Federal Building 9	1,713 **
Washington, DC, Federal Building 10A	1,121 **
Washington, DC, General Accounting Office	3,552 **
Washington, DC, Justice	599 **
Washington, DC, State	2,765 **
Kansas City, MO, FB 601 E. 12th	997 **
Kansas City, MO, FB 1500 E. Bannister	2,560 **
St. Louis, MO, FC 4300 Goodfellow	2,176 **
SUBTOTAL, HEALTH AND SAFETY (13 projects)	$62,483

*Includes asbestos abatement
**Includes PCB abatement
***Includes both asbestos and PCB abatement

REPAIRS AND ALTERATIONS

SUMMARY OF THE FY 1987 REQUEST BY PROJECT
(dollars in thousands)
(Continued)

VACANT SPACE ALTERATIONS	
San Diego, CA; Federal Bldg.-Old Courthouse.......	$1,576
New York, NY; 1 Bowling Green, Customshouse.......	8,000
St. Louis, MO; Mart Federal Bldg., Phase I.........	20,000 **
SUBTOTAL, VACANT SPACE ALTERATIONS (3 projects)	$29,576
COURTS	
San Diego, CA Federal Bldg.-Courthouse............	$1,178
Honolulu, HI; Federal Bldg.-Courthouse............	1,850
Las Vegas, NV; Federal Bldg.-U.S. Courthouse......	2,197
Los Angeles, CA; 300 N L.A., Federal Bldg.........	7,825
Phoenix, AZ; Federal Bldg.-U.S. Courthouse........	762
San Francisco, CA; US Court of Appeals-Post Office	1,683
Salt Lake City, UT; Post Office/U.S. Courthouse...	675
Casper, WY; Federal Bldg.-U.S. Courthouse.........	1,923
SUBTOTAL, COURTS (8 projects)	18,093
LINE ITEM PROJECTS, TOTAL (40 projects)	215,860
NON-LINE ITEM PROJECTS, TOTAL	146,184
TOTAL FY 1987 REQUEST FOR NEW OBLIGATIONAL AUTHORITY	$362,044

**Includes PCB abatement

NOTE: GSA plans to submit the FY 1987 R&A Prospectuses to Congress in February 1986.

Exhibit 54-4

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

Birmingham, AL, Federal Building
and U.S. Courthouse..........................$3,899,000

This building was constructed in 1921 and extended in 1940. The building has a gross area of 180,896 square feet and an occupiable area of 99,578 square feet. The building is listed in the National Register of Historic Places.

A new courthouse is being constructed on an adjacent site. Repairs and Alterations work will be accomplished after the U.S. District Court moves into the new courthouse (currently estimated to take place in FY 1987).

Space improvements will be made in the original building after the judges are relocated to the new building. The work includes office finishes such as ceilings, lights, flooring, and partitions. The electrical, communication, heating, ventilating, and air conditioning systems will be upgraded. The roof will be replaced, and the exterior will be repaired. Firesafety systems improvements will be accomplished.

Phoenix, AZ, Federal Building
and U.S. Courthouse............................$762,000

This building was constructed in 1962. It has a gross area of 371,458 square feet and an occupiable area of 193,899 square feet.

Space alterations are necessary for construction of an Eighth District courtroom, judges' chambers and adjunct facilities. The work includes interior finishes such as ceilings, flooring, lights, partitions, and systems modifications. Courtroom furnishings will be provided. To provide adequate space on the third floor, other tenants and general purpose facilities will be relocated to vacant space within the building.

Los Angeles, CA, 300 N. L.A., Federal
Building....................................$7,825,000

This building was constructed in 1965. It has a gross area of 1,219,560 square feet and an occupiable area of 710,858 square feet.

Space alterations are necessary to provide 13 courtrooms, judges' chambers and adjunct facilities for the Bankruptcy Court for the Central District of California. The work includes interior finishes such as ceilings, flooring, lights, partitions, and systems modifications. Courtroom furnishings will be provided. The additional expansion space for the Bankruptcy Court will require the relocation of other tenant agencies from the third floor of this building to leased space.

San Diego, CA, (Old) Federal Building and U.S.
Courthouse..................................$1,576,000

This building was constructed in 1913 and is now listed in the National Register of Historic Places. It has a gross area of 80,464 square feet and an occupiable area of 42,480 square feet. The building is currently vacant.

Space alterations are necessary before the building can be occupied. These alterations will complete the work initiated in FY 1983 when $2,998,000 was authorised for systems replacement, seismic protection and historic restoration. New work will include office space finishes such as ceilings, flooring, lights and partitions.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

San Diego, CA, Federal Building and U.S. Courthouse	$1,178,000

This building was constructed in 1976. It has a gross area of 891,972 square feet and an occupiable area of 677,355 square feet.

Space alterations are necessary for the construction of a Tenth District courtroom, judges' chambers, adjunct facilities, a Clerk's office and storage space. The work includes finishes such as ceilings, flooring, lights, partitions and systems modifications. Courtroom furnishings will be provided. To provide adequate space for the courts on the second floor, other agencies will be relocated.

San Francisco, CA, U.S. Court of Appeals and Post Office	$1,683,000

The U.S. Court of Appeals and Post Office, listed in the National Register of Historic Places, was constructed in 1905 and extended in 1937. It has a gross area of 334,608 square feet and an occupiable area of 191,372 square feet.

Space alterations are necessary for the construction of two chambers for resident Circuit Court Judges, six chambers for visiting judges, and office and storage space for the Clerk of the Courts. Existing court space will be realigned. The Court expansion requirements will require consolidation of existing postal space. The work includes office finishes such as ceilings, flooring, lights, partitions and systems modifications. These additional facilities are the result of the Bankruptcy Amendments and Federal Judgeship Act of 1984, Public Law 98-353.

San Francisco, CA, 450 Golden Gate Ave., Philip Burton Federal Building and U.S. Courthouse, Phase I	$20,000,000

This building was constructed in 1964. It has a gross area of 1,412,827 square feet and an occupiable area of 936,949 square feet. It is a high-rise building of 20 stories.

This is the first phase of a project to renovate the entire building. Total cost is estimated at $54,962,000. The building's structural system is protected by fireproofing materials containing asbestos. The asbestos is friable and will be removed and replaced with non-asbestos materials. A portion of the building will be vacated while the project is being completed. Space alterations will be completed in conjunction with the asbestos removal as agencies vacate space. Alterations include ceiling, lighting, carpeting, master-keying, partition realignment, free standing acoustic screens and painting. Building systems modifications will be completed. An automatic fire sprinkler system will be installed.

Washington, DC, Federal Office Building and New Post Office	$1,700,000

The Federal Office Building and New Post Office was constructed in 1931 as part of the Federal Triangle complex, and is listed in the National Register of Historic Places. It has a gross area of 818,580 square feet and an occupiable area of 457,713 square feet. Eleven elevators will be upgraded by converting three freight elevators to passenger use, converting a van lift from manual to automatic operation, and upgrading seven passenger elevators (including fireman's capture and handicapped features).

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

Washington, DC, Steam Distribution System	$13,796.000

The steam distribution system consists of a series of tunnels over seven miles long connecting two heating plants and supplying steam to more than 100 Government, quasi-Government, and District of Columbia buildings. This concrete tunnel system has deteriorated due to the high temperatures and humidity levels.

The structural integrity of the tunnels will be restored by replacing defective and spalled concrete, thereby increasing the safety level of employees working in the system and ensuring the continued operation of the steam transmission lines.

Miami, FL, Federal Building	$11,481,000

The Federal Building, constructed in 1963, has a gross area of 290,697 square feet and an occupiable area of 197,891 square feet. It is a high-rise building of 16 stories.

The building's structural system is protected by fireproofing materials containing asbestos. The asbestos is friable and will be removed and replaced by non-asbestos materials. A portion of the building will be vacated during this period. Space alterations will be completed in conjunction with the asbestos removal as agencies vacate space. The alterations include ceilings, carpeting, lighting, partitions and painting. An automatic fire sprinkler system, firestopping, a smoke control system, and a fire alarm/communication system will be installed.

Honolulu, HI, Federal Building and U.S. Courthouse	$1,850,000

The Prince Jonah Kuhio Kalanianaole Federal Building and U.S. Courthouse, constructed in 1977, has a gross area of 1,080,030 square feet and an occupiable area of 614,540 square feet.

Space alterations are necessary to construct a fifth and sixth courtroom, judges' chambers and adjunct facilities; to realign the Magistrate and grand jury space; to provide additional judges' chambers; and to relocate the U.S. Passport Office to the adjacent Federal Building. The work includes office finishes such as ceilings, lights, flooring, partitions and systems modifications. Courtroom furnishings will be provided. The project is required as a result of the Bankruptcy Amendments and Federal Judgeship Act of 1984, Public Law 98-353.

Chicago, IL, U.S. Railroad Retirement Board Building	$5,200,000

This building was constructed in 1923 and was acquired by the Government in 1942 to serve as the headquarters of the U.S. Railroad Retirement Board. It is a 13-story structure with a gross area of 360,350 square feet and an occupiable area of 258,840 square feet.

Fire sprinklers, fire walls, fire-resistant doors and firestopping will be installed, and the fire alarm system will be replaced. Major electrical system repairs will be accomplished.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

East, St. Louis, IL, Federal Building and U.S. Courthouse	$3,762,000

This building was originally constructed as a Post Office in 1909 and extended in 1919. It has a gross area of 58,793 square feet and an occupiable area of 26,709 square feet. Construction of a new courthouse on the adjacent site will enable the old building to be vacated for renovation. Renovation and conversion of this building will complete the development of an integrated court headquarters for the Southern District of Illinois.

An automatic fire sprinkler system, a fire-rated enclosure around the boiler area, an enclosed stairway, a means of egress through the new building, and seismic reinforcement will be provided. New energy-efficient lighting, heating, ventilating and air conditioning systems will be installed.

New Orleans, LA, F. Edward Hebert Federal Building	$9,928,000

This building was constructed in 1940. It has a gross area of 250,079 square feet and an occupiable area of 146,819 square feet.

The mechanical, electrical, plumbing and elevator systems will be upgraded. Fire sprinklers and an emergency generator will be installed. Asbestos pipe insulation will be replaced.

Boston, MA, John F. Kennedy Federal Building, Phase I	$13,544,000

This building was constructed in 1967. It is a 26-story high-rise building with a gross area of 968,343 square feet and an occupiable area of 667,815 square feet.

This is the first of a two-phase $29,743,000 project to accomplish a complete renovation of the building. The same type of work will be accomplished in both phases, only a portion of the building will be done in each phase. The building's structural system is protected with asbestos fireproofing materials. The asbestos is friable and will be removed and replaced with non-asbestos materials. A portion of the building will be vacated during the project, and tenants will be relocated to interim leased space. Space alterations will be completed in conjunction with the asbestos removal as agencies vacate space. A fire sprinkler system will be installed. New ceilings, lights, flooring and partitions will be installed. The mechanical and electrical systems will be modified and upgraded. The elevators will be modified.

Kansas City, MO, 2306 East Bannister Road, Federal Building	$4,408,000

The Federal Building at 2306 East Bannister Road was constructed in 1955. It has a gross area of 562,681 square feet and an occupiable area of 472,212 square feet.

Office space improvements for the National Archives and Records Administration will be accomplished. Fire walls and fire sprinkler system modifications will be provided, including electrical system improvements, replacement of the boiler, chiller and cooling tower, and modifications to the heating, ventilation and air conditioning system.

St. Louis, MO, Mart Federal Building, Phase I	$20,000,000

The Mart Federal Building, built in 1931 as a Merchandise Mart, was purchased by the Government in 1960. It has a gross area of 1,100,000 square feet and an occupiable area of 757,000 square feet (excluding the tower). The building is more than 50 percent vacant.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

St. Louis, MO, Mart Federal Building,
Phase I (Continued)

This is the first of a three-phase $56,738,000 project to accomplish a complete renovation of the building, except for the 8-story tower section. The same type of work will be accomplished in each phase, only a portion of the building will be done in each phase. The work will include systems replacement as well as office space finishes such as ceilings, lights, flooring and partitions. New mechanical, electrical, plumbing and elevator systems will be installed. The roof and windows will be replaced, and the exterior walls will be repaired. Restroom facilities will be improved. Fire and safety improvements will include a sprinkler system, fire alarm, fire doors and partitions.

Asheville, NC, Federal Building..............$7,847,000

This building was constructed in 1929 and is listed in the National Register of Historic Places. The building was acquired by the Government in 1943. It has a gross area of 269,026 square feet and an occupiable area of 178,612 square feet.

The major tenant in the building is the National Oceanic and Atmospheric Administration - National Climatic Center (NOAA-NCC). In order to provide suitable space for NOAA-NCC functions, temperature-controlled storage space, raised flooring, partitions and floor coverings will be installed. Restrooms, electrical distribution and mechanical systems will be upgraded. New lighting fixtures and hot and cold water piping will be installed. Structural modifications to the first floor are required. A fire sprinkler system, firewalls, fire-rated stairwell partitions, exterior firestairs, exit corridors and firestopping will be installed.

Trenton, NJ, Federal Office Building and U.S.
Courthouse...................................$2,070,000

This building was constructed in 1932. It has a gross area of 167,000 square feet and an occupiable area of 97,067 square feet.

Vacant postal workroom space will be converted to office use, allowing court-related agencies to expand in other areas of the building. Work will include office finishes such as ceilings, lights, flooring, partitions and systems modifications. New windows will be provided.

Las Vegas, NV, Federal Building
and U.S. Courthouse.........................$2,197,000

This building was constructed in 1967. It has a gross area of 209,765 square feet and an occupiable area of 133,583 square feet.

Space alterations are necessary to construct a fourth District Courtroom, judges' chambers and adjunct facilities, and space for court-related agencies. The work includes interior finishes such as ceilings, lighting, flooring, partitions and systems modifications. Courtroom furnishings will be provided. To allow for court expansion, other tenants will be moved from the building to leased space. The additional facilities are required as a result of the Bankruptcy Amendments and Federal Judgeship Act of 1984, Public Law 98-353.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

New York, NY, 1 Bowling Green, Customshouse....................................$8,000,000

The Customshouse was constructed in 1907 and is listed in the National Register of Historic Places. It provides a gross area of 352,948 square feet and an occupiable area of 238,117 square feet.

Funds for this project were authorized in FY 1981 and FY 1982 in the amounts of $7,192,000 and $22,295,000 respectively. This final phase of the project will complete the restoration and renovation of the facility. Electrical, heating, ventilating and air conditioning systems; exterior restoration; and selected space alterations are currently underway. This proposed work will extend additional mechanical and electrical services to the vacant areas in preparation for final space alterations. Office finishes such as partitions, ceilings, lighting and flooring will be provided.

Brooklyn, NY, Federal Building No. 2........$9,544,000

The Federal Complex at 29th Street and 3rd Avenue is comprised of two eight-story office/warehouse buildings (Buildings # 1 and 2), a heating plant, and three small buildings. Proposed work will be accomplished in Building #2, which was constructed in 1918 and acquired by GSA in 1961. It has a gross area of 1,190,419 square feet and an occupiable area of 919,532 square feet.

This project will relocate agencies from Building #1 into Building #2. Building #1 will be excessed. Repairs and alterations include facade restoration; water tank replacement; elevator modernization; and heating, ventilating, air conditioning, electrical and telecommunications systems improvements. A computer room will be built. Facilities for the handicapped will be installed.

Portland, OR, Federal Building.............$12,069,000

The Federal Building is a high-rise structure of 10 stories. It was constructed in 1953 and purchased by the Government in 1960. It has a gross area of 314,570 square feet and an occupiable area of 205,255 square feet. The new Eastside Federal Building is under construction on an adjacent site. Cafeteria, conference, and parking will be shared by occupants of both facilities. Upon completion of the new building, the older facility will be vacated and upgraded for new tenants that will be relocated from leased space.

Structural resistance to seismic forces will be accomplished. Boilers; domestic water, drain, steam, condensate and chilled water piping; air conditioning controls; switchgear; transformers; electrical feeders and panels will be replaced. The existing window walls will be remodeled and insulated, and the entire exterior and interior of the building will be cleaned, repainted and sealed. Space alterations will be accomplished for the new tenants. Office finishes such as ceilings, lighting, flooring and partitions will be provided.

Dallas, TX, 1114 Commerce Street, Federal Building......................................$1,600,000

The Federal Building at 1114 Commerce Street was constructed in 1928 and acquired by the Government in 1942. It has a gross area of 424,531 square feet and an occupiable area of 263,367 square feet.

Replacement of six passenger elevators will be accomplished. The work will include new machinery as well as handicapped accessibility and fireman's capture features.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

San Antonio, TX, Post Office-Courthouse......$6,078,000

This monumental 5-story Post Office-Courthouse, completed in 1937, was acquired from the Postal Service in October 1979. It is located in the Alamo Plaza area and has a gross occupiable area of 258,841 square feet.

This project provides for the conversion of approximately 38,400 square feet of vacant Postal Service space to office space by installing building systems and office finishes. Agencies will be relocated from leased space to the renovated office space. Fire and lifesafety features, including sprinkler modifications, standpipe installation, emergency lighting and power, and fire doors, will be provided. Elevators, electrical system, restrooms, and the heating, ventilating, and air-conditioning systems will be modified and upgraded to serve the increased office tenancy.

**Salt Lake City, UT, Post Office
and U.S. Courthouse............................$675,000**

This building was constructed in 1905 and extended in 1913. In 1932 it was listed on the National Register of Historic Places. It has a gross area of 232,290 square feet and an occupiable area of 144,395 square feet.

Space alterations are necessary for construction of an additional district courtroom, judges' chambers and adjunct facilities. Postal workroom space will be altered. This requirement is the result of the Bankruptcy Amendments and the Federal Judgeship Act of 1984, Public Law 98-353. The work includes interior finishes such as ceilings, lights, flooring, partitions and systems modifications. Courtroom furnishings will be provided.

Arlington, VA, Federal Building No. 2......$7,464,000

Federal Building No. 2 was constructed in 1941, with the addition of a wing in 1945. The building provides a gross area of 1,023,346 square feet and an occupiable area of 723,955 square feet.

Space in wings 1-4 will be upgraded to flexible, open office space with improved lighting and electrical distribution systems. New interior finishes of ceilings, flooring and partitions will be provided. Stairwells and exit corridors will be modified for emergency egress. The fire alarm system will be upgraded. The existing electrical panels and wiring will be replaced. A new feeder and transformer will be provided. A new heating, ventilating, and air conditioning distribution system will be installed. Restrooms will be upgraded with new fixtures, finishes, partitions, lighting and ventilation. Existing multi-unit window openings will be reduced. Existing crossbridges will be renovated.

Arlington, VA, Pentagon, Phase I $12,420,000

The Pentagon was constructed in 1942. The building has a gross area of 6,546,360 square feet and an occupiable area of 3,796,308 square feet.

This is the first of a two-phase $20,000,000 project. Firesafety sprinklers, smoke detectors and fire doors will be installed. The secondary electrical distribution system and transformers will be upgraded.

REPAIRS AND ALTERATIONS

PROJECT DESCRIPTION - FY 1987 PROJECTS

Milwaukee, WI, Federal Building
and U.S. Courthouse..........................$2,799,000

The Federal Building and U.S. Courthouse was constructed in 1898. An annex was added in two phases, completed in 1932 and 1941. The building has a gross area of 483,947 square feet and an occupiable area of 256,238 square feet.

This project includes replacement of the deteriorated water and storm piping and the electrical transformer. A masterkeyed lock system will be provided. The existing windows in the annex will be replaced and storm windows will be installed on the original (1898) building. A smoke removal system, fire sprinklers and standpipe system will be installed. The heating, ventilating, and air conditioning system will be modified.

Casper, WY, Federal Building
and U.S. Courthouse..........................$1,923,000

The Federal Building and U.S. Courthouse was constructed in 1929. It has a gross area of 49,200 square feet and an occupiable area of 23,825 square feet.

Space alterations are necessary for construction of an additional district courtroom, judges' chambers and adjunct facilities. This requirement is the result of the Bankruptcy Amendments and the Federal Judgeship Act of 1984, Public Law 98-353. These facilities, to be located on the first floor of the building, will be occupied by a resident judge. The work includes interior finishes such as ceilings, lights, flooring, partitions and systems modifications. Courtroom furnishings will be provided. The existing courtroom and adjunct facilities located on the second floor will be retained and refurnished as a visiting judge's facility.

Polychlorinated Biphenyl (PCB) Abatement
Various Buildings, Phase I...................$18,582,000

The Environmental Protection Agency published a final rule on July 17, 1985 (40 CFR 761) which requires that high secondary voltage network transformers containing PCB coolant be removed from use by October 1, 1990. GSA seeks funding authorisation to remove and replace Government-owned transformers in various Federal buildings which contain PCB as a coolant. This request is the first of a three-phase program estimated to cost $58,855,000.

GSA has determined that the PCB coolant utilized in many Government-owned transformers could pose a potential health hazard in the event of fire or leakage. High voltage transformers generate heat during operation and contain a liquid coolant. Removal and replacement of PCB-filled transformers is the only viable alternative which provides for the continued operation of the buildings and eliminates the potential for exposure to PCB.

A list of the buildings and estimated costs follows:

PROJECT LISTING	ESTIMATED CONSTRUCTION COST
Washington, DC, Federal Building 6	$1,213,000
Washington, DC, Federal Building 8	$1,886,500
Washington, DC, Federal Building 9	$1,712,500
Washington, DC, Federal Building 10A	$1,121,000
Washington, DC, General Accounting Office	$3,552,500
Washington, DC, Justice	$599,500
Washington, DC, State	$2,764,500
Kansas City, MO, FB 601 E 12th	$996,500
Kansas City, MO, FB 1500 Bannister	$2,560,000
St. Louis, MO, FC 4300 Goodfellow	$2,176,000
TOTAL	$18,582,000

Exhibit 54-5

REPAIRS AND ALTERATIONS

Building Delegations Program
(Dollars and Square Feet in Thousands)

AGENCY	FY 1985		FY 1986		FY 1987	
	Amount	Average Occupiable Square Feet	Amount	Average Occupiable Square Feet	Amount	Average Occupiable Square Feet
Agriculture	$3,118	1,572	$0	0	$0	0
Housing and Urban Development	702	891	0	0	0	0
Internal Revenue Service	0	0	1,441	974	560	1,146
Health and Human Services	174	320	481	975	468	975
Veterans Administration	0		0	0	203	438
TOTAL	$3,994	2,783	$1,922	1,949	$1,231	2,559

NOTE: Listed above are known delegations occurring in FY 1985 and FY 1986 which impact the FY 1987 Repairs and Alterations obligational level:

- DOA and HUD budgeted directly for delegated services in FY 1986 and FY 1987;
- HHS was delegated late in FY 1985 and will continue to be funded directly within the Federal Buildings Fund in FY 1986 and FY 1987;
- IRS Headquarters and the Holtsville, NY IRS Service Center were delegated in FY 1986 and will continue to be funded directly within the Federal Buildings Fund in FY 1986 and FY 1987;
- VA Headquarters, to be delegated in FY 1986, was deleted from GSA's inventory in FY 1986 and must be restored in FY 1987 in accordance with the policy of funding all delegated buildings directly within the Federal Buildings Fund.

REPAIRS AND ALTERATIONS

WORK REQUIRED TO SATISFY OMNIBUS JUDGESHIP (P.L. 98-353) NEEDS
(dollars in thousands)

REGION	BUILDING AND LOCATION	PROJECT TYPE	CURRENT ALTERATION COST	CONSTRUCTION START YEAR
1	FB CT, Providence, RI	OMNI-DISTRICT	368	1987
1	PO CT, Boston, MA	OMNI-DISTRICT	450	1987
2	PO CT, Albany, NY	OMNI-CIRCUIT	35	1986
2	PO CT, San Juan, PR	OMNI-CIRCUIT	35	1986
2	PO CT, Newark, NJ	OMNI-DISTRICT	264	1986
2	FB CT, Buffalo, NY	OMNI-DISTRICT	10	1986
2	CT, Uniondale, NY	OMNI-CIRCUIT	35	1987
2	PO CT, Camden, NJ	OMNI-DISTRICT	83	1987
2	FB CT, Binghamton, NY	OMNI-DISTRICT	100	1987
3	PO CT, Pittsburgh, PA	OMNI-CIRCUIT	200	1986
3	FB, Wilmington, DE	OMNI-CIRCUIT	400	1987
3	FB, Wilmington, DE	OMNI-DISTRICT	475	1987
4	FB CT, Macon, GA	OMNI-DISTRICT	175	1985
4	PO CT, Jackson, MS	OMNI-DISTRICT	330	1985
4	FB, Aderdeen, MS	OMNI-DISTRICT	140	1985
4	FB CT, Louisville, KY	OMNI-DISTRICT	450	1987
4	FB CT, Columbia, SC	OMNI-CIRCUIT	150	1987
4	PO CT, Chattanooga, TN	OMNI-CIRCUIT	220	1987
4	CT, Mobile, AL	OMNI-DISTRICT	400	1987
4	Leased, Knoxville, TN	OMNI-DISTRICT	350	1987
4	PO CT, Jackson, MS	OMNI-DISTRICT	300	1988
5	FB CT, Chicago, IL	OMNI-CIRCUIT	378	1986
5	FB CT, South Bend, IN	OMNI-CIRCUIT	85	1986
5	PO CT, Cincinnati, OH	OMNI-CIRCUIT	157	1986
5	FB CT, Chicago, IL	OMNI-DISTRICT	99	1986
7	FB CT, Houston, TX	OMNI-CIRCUIT	2	1986
7	FB CT, Monroe, LA	OMNI-DISTRICT	44	1986
7	FB CT, Dallas, TX	OMNI-DISTRICT	250	1986
7	PO CT, Waco, TX	OMNI-DISTRICT	200	1986
7	FB PO CT, Beaumont, TX	OMNI-DISTRICT	362	1987
7	FB CT, Sherman, TX	OMNI-DISTRICT	75	1987
7	FB CT, Oklahoma City, OK	OMNI-DISTRICT	480	1988

EXHIBIT 54-2

REPAIRS AND ALTERATIONS

WORK REQUIRED TO SATISFY OMNIBUS JUDGESHIP (P.L. 98-353) NEEDS
(dollars in thousands)

REGION	BUILDING AND LOCATION	PROJECT TYPE	CURRENT ALTERATION COST	CONSTRUCTION START YEAR
8	FB CT, Pierre, SD	OMNI-CIRCUIT	50	1986
8	PO CT, Salt Lake City, UT	OMNI-CIRCUIT	30	1986
8	FB CT, Helena, MT	OMNI-DISTRICT	25	1986
8	PO, Salt Lake City, UT	OMNI-DISTRICT	675	1987
8	FB CT, Casper, WY	OMNI-DISTRICT	1,923	1987
8	FB CT, Denver, CO	OMNI-DISTRICT	50	1987
9	PO CT, San Francisco, CA	OMNI-CIRCUIT	1,683	1987
9	FB CT, Honolulu, HI	OMNI-DISTRICT	1,850	1987
9	FB CT, Las Vegas, NV	OMNI-DISTRICT	2,197	1987
9	CT, Los Angeles, CA	OMNI-DISTRICT	3,435	1988
10	FB CT, Anchorage, AK	OMNI-DISTRICT	160	1986
10	FB CT, Spokane, WA	OMNI-DISTRICT	438	1986
10	PO CT, Tacoma, WA	OMNI-DISTRICT	475	1987
10	CT Seattle, WA	OMNI-DISTRICT	635	1988
11	CT, Washington, DC	OMNI-CIRCUIT	391	1985
11	PO CT, Alexandria, VA	OMNI-DISTRICT	467	1986
		SUBTOTAL - 1985	1,036	
		SUBTOTAL - 1986	2,929	
		SUBTOTAL - 1987	12,771	
		SUBTOTAL - 1988	4,850	
		TOTAL	$21,586	

NOTE: The above data reflects planned Omnibus Judgeship Court requirements through December 1985. As additional judicial appointments are made new requirements will be identified.

DESIGN AND CONSTRUCTION SERVICES

(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
603	$57,711	682	$129,071	682	$84,928	-	$-44,143	-	$-43,693	-	$-450

BACKGROUND

The Design and Construction Services activity provides for the design, management and inspection (M&I) of New Construction and Repairs and Alterations projects, and non-project-specific technical services. This includes the full range of design and construction services required by the Public Buildings Service (PBS) incident to projects approved under the Public Buildings Act of 1959, as amended, and all related costs such as travel, printing, advertising, and defense of claims against the Government.

Following is a definition of the three major functions within the Design and Construction Services activity:

-Design is a combined narrative and graphic solution to a physical need to renovate or restore an existing facility, or construct a new facility. The design process includes the development of detailed plans, specifications and working drawings which are ultimately marketed for construction award to a responsible contractor; evaluation of soil conditions; and other required surveys and tests.

-Management and Inspection (M&I) is the physical examination of the quantity and quality of materials and workmanship put in place at a construction site to ensure conformance to the requirements of the contract. This function includes project review to ensure adherence to required procurement regulations; safety program enforcement; determination of contract modification needs; development of cost and time estimates; and the evaluation of construction progress to determine contractor payments.

-Technical Services include planning and administration of the PBS capital improvements program; inspections, surveys, and other activities designed to identify and document potential fire and lifesafety hazards; building evaluations; scope development; and development of handbooks and other types of program guidance.

The following costs are not financed by this activity: costs for the acquisition of sites and construction of New Construction projects which are financed from the Construction and Acquisition of Facilities activity; and costs for the construction phase of Repairs and Alterations projects are financed from the Repairs and Alterations activity. Reimbursable services provided to other agencies for transfer construction projects and reimbursable work authorizations are reflected in the Design and Construction subactivity of the Reimbursable program.

DESIGN AND CONSTRUCTION SERVICES (Cont'd)

(Dollars in Thousands)

Justification for FY 1987 New Obligational Authority

The FY 1987 Design and Construction Services program proposes new obligational authority of $72,442 thousand justified as follows:

In support of the New Construction program, this activity provides $738 thousand to fund the complete design and M&I requirements of new projects for which construction funds are requested in the FY 1987 Construction and Acquisition of Facilities activity.

In support of the Repairs and Alterations program, this activity provides $25,436 thousand for the design and M&I of line item projects for which construction funding is requested in FY 1987; $12,878 thousand for design of line item projects for which approximately $84,090 thousand in construction funding will be requested in future years; and $19,556 thousand for both design and M&I of the FY 1987 non-line item program. The total request in support of the Repairs and Alterations program is $57,870 thousand.

In addition to individual project-related costs stated above, the design and construction services request includes $13,834 thousand for technical services.

The following exhibits contain further information regarding the Design and Construction Services program:

Exhibit 90-1	Analysis of Budget Authority and Obligational Levels
Exhibit 90-2	Summary of New Obligational Authority

Project Descriptions for R&A Projects Scheduled For FY 1987 Design

Note: In support of the current Administration's initiatives, this package reflects a decrease of $450 thousand for reduction in average grade level for GS/GM 11-15.

DESIGN AND CONSTRUCTION SERVICES

ANALYSIS OF BUDGET AUTHORITY AND OBLIGATIONAL LEVELS
(Dollars in Thousands)

	FY 1985	FY 1986	FY 1987	FUTURE YEARS
Unobligated Balance Available Start-of-Year	$0	$26,796	$30,952	$18,466
New Obligational Authority	84,507 1/	133,227	72,442	-
Total Obligational Authority	$84,507	$160,023	$103,394	$18,466
Obligations Against Projects Authorized Prior to FY 1985	-10,950	-6,949	-	-
Obligations Against FY 1985 Projects	-46,761	-14,776	-2,535	-2,536
Obligations Against FY 1986 Projects	-	-107,346	-18,484	-7,397
Obligations Against FY 1987 Projects	-	-	-63,909	-8,533
(Total Obligations)	-57,711	-129,071	-84,928	-18,466
Unobligated Balance Available End-of-Year	$26,796	$30,952	$18,466	- -

1/New Obligational Authority includes:

- o $10,478 thousand reprogrammed from the Repairs & Alterations account and $12,884 thousand reprogrammed from the New Construction account which funded unanticipated design and construction services. The amounts transferred were from design and management/inspection of projects authorized in prior years.
- o $1,549 thousand reprogrammed from the Rental of Space account to fund design & construction services support of fire and lifesafety Repairs & Alterations line item projects.
- o $713 thousand authorized by the FY 1985 Supplemental Appropriations Act (P.L.99-88) which authorized funding for Lufkin, TX R&A line item project ($83 thousand) and an increase of $630 thousand for pay costs.

EXHIBIT 90-2

DESIGN AND CONSTRUCTION SERVICES

SUMMARY OF NEW OBLIGATIONAL AUTHORITY BY PROGRAM AND PROJECT
(IN PRIORITY ORDER)
($000)

	DESIGN	MGMT/INSP	TOTAL
MINOR R&A PROGRAM	0	0	$25,434
TECHNICAL SERVICES	0	0	13,234
FY 1987 NEW CONSTRUCTION:			
COLUMBUS, NM, BORDER STATION	294	194	488
SMALL PROJECTS UNDER $500,000	125	125	250
NEW CONSTRUCTION	419	319	738
R&A PROJECTS SCHEDULED FOR CONSTRUCTION IN FY 1987:			
SAN DIEGO, CA, FB/CT	0	88	88
HONOLULU, HI, FB/CT	203	139	342
LAS VEGAS, NV, FB/CT	231	157	388
BROOKLYN, NY, FB#2	0	373	373
WASH., DC, STEAM DISTR.COMPLEX	1,307	759	2,066
LOS ANGELES, CA, 300 N LA	173	470	643
MILWAUKEE, WI, FB/CT	0	210	210
NEW ORLEANS, LA, HEBERT FB	0	396	396
ASHEVILLE, NC, FB	0	470	470
ARLINGTON, VA, PENTAGON	0	740	740
KANSAS CITY, MO, 2306 E.BANN	0	331	331
ARLINGTON, VA, FB#2	0	448	448
PORTLAND, OR, FB (BPA)	1,026	724	1,750
WASH., DC, NEW POST OFFICE	0	128	128
PHOENIX, AZ, FB/CT	0	37	37
BIRMINGHAM, AL, FB/CT	0	292	292
CHICAGO, IL, USRRB BLDG.	0	313	313
DALLAS, TX, FB 1114 COMM	0	120	120
BOSTON, MA, JFK FB	0	1,001	1,001
E. ST. LOUIS, IL, FB/CT	0	282	282
SAN FRANCISCO, CA, PO/APPEALS CT	185	126	311
SALT LAKE CITY, UT, PO/CT	74	51	125
CASPER, WY, FB/CT	213	143	356
SAN DIEGO, CA, FB/OLD CT	172	120	292
SAN ANTONIO, TX, PO/CT	467	334	801
NEW YORK, NY, BOWL.GREEN CU	680	480	1,160
TRENTON, NJ, FB/CT	0	215	215
*SAN FRANCISCO, CA, FB/CT	966	910	1,876
ST. LOUIS, MO, MART FB	0	1,200	1,200

* ASBESTOS ABATEMENT PROJECTS
**PCB ABATEMENT PROJECTS

R&A PROJECTS SCHEDULED FOR CONSTRUCTION IN FY 1987:	DESIGN	MGMT/INSP	TOTAL
*MIAMI, FL, FB	300	689	989
**WASH., DC, FB #6	0	71	71
**WASH., DC, FB #8	0	141	141
**WASH., DC, FB #9	0	128	128
**WASH., DC, FB #10A	0	84	84
**WASH., DC, GEN. ACCT. OFF.	0	266	266
**WASH., DC, JUSTICE DEPT.	0	47	47
**WASH., DC, STATE DEPT.	0	207	207
**KANSAS CITY, MO, 601 E 12TH	0	75	75
**KANSAS CITY, MO, 1500 E.BANN.	0	192	192
**ST.LOUIS, MO, 4300 GOODFELLOW	0	163	163
R&A CONSTRUCTION (40 PROJECTS)	5,997	13,339	19,336

R&A PROJECTS SCHEDULED FOR DESIGN IN FY 1987:	DESIGN	MGMT/INSP	TOTAL
LOS ANGELES, CA, CT	386	0	386
WASH., DC, CENTRAL HTG. PLANT	700	0	700
ARLINGTON, VA, PENTAGON	2,400	0	2,400
CHICAGO, IL, FSS DEPOT	376	0	376
AUSTIN, TX, IRS COMPLEX	743	0	743
WASH., DC, IRS	110	0	110
MIDDLE RIVER, MD, DEPOT	1,000	0	1,000
CHICAGO, IL, DIRKSEN FB	869	0	869
PHILADELPHIA, PA, CT	500	0	500
AUSTIN, TX, PO	445	0	445
CHAMPAIGN, IL, FB	176	0	176
ABINGDON, VA, FB	100	0	100
SACRAMENTO, CA, FB/CT	642	0	642
NEW ORLEANS, LA, BOGGS FB	637	0	637
BOSTON, MA, MCCORMACK PO/CT	3,200	0	3,200
DETROIT, MI, MCNAMARA FB	302	0	302
BALTIMORE, MD, APPRAISERS STORES	272	0	272
R&A DESIGN (17 PROJECTS)	12,878	0	12,878
TOTAL FY 1987 REQUEST FOR NEW OBLIGATIONAL AUTHORITY			$72,442

200

200

DESIGN AND CONSTRUCTION SERVICES

PROJECT DESCRIPTIONS
REPAIRS AND ALTERATIONS PROJECTS SCHEDULED FOR FY 1987 DESIGN

Los Angeles, CA, U.S. Courthouse..................$386,000

The U.S. Courthouse, constructed in 1937, is an eighteen-story building with an occupiable area of 480,224 square feet and a gross area of 857,941 square feet. Because of its architectural significance, the building has been identified as potentially eligible for listing on the National Register of Historic Places.

This project proposes to alter space to be vacated by the Bankruptcy Courts so that it can be used for additional District Courts facilities resulting from the Omnibus Judgeship Act of 1984, and space for court-related agencies.

Sacramento, CA, Moss Federal Building and Courthouse....................................$642,000

The Federal Building and Courthouse was constructed in 1961. It is a nine-story building that provides an occupiable area of 203,532 square feet and a gross area of 365,597 square feet.

This project proposes to alter space vacated by the Corps of Engineers to provide expansion space for the District Courts and other agencies currently located in leased facilities.

Washington, DC, Central Heating Plant..........$700,000

The Central Heating Plant, built in 1934, was specifically constructed to supply steam for heating and hot water to Government buildings in the downtown area of Washington, DC. The building is structurally sound, and the plant is essential to provide these services to 112 present locations and all future Federal buildings to be located in this area of the city. It has an occupiable area of 139,000 square feet.

This project proposes to replace two existing coal-fired boilers with new multi-fuel boilers.

Washington, DC, Internal Revenue Service......$110,000

This building was constructed in 1930 and is listed on the National Register of Historic Places. The building provides an occupiable area of 689,740 square feet and a gross area of 1,405,650 square feet.

This project proposes to upgrade the elevator system.

Champaign, IL, Springer Federal Building........$176,000

This building, which is listed on the National Register of Historic Places, was built in 1905. The building was extended in 1936, and provides an occupiable area of 19,874 square feet and a gross area of 27,286 square feet.

This project proposes to alter the building to meet the expansion requirements of the District Courts.

DESIGN AND CONSTRUCTION SERVICES

PROJECT DESCRIPTIONS
REPAIRS AND ALTERATIONS PROJECTS SCHEDULED FOR FY 1987 DESIGN

Chicago, IL, Dirksen Federal Building and Courthouse....................................$869,000

This 31-story high-rise building was built in 1964. It provides an occupiable area of 748,732 square feet and a gross area of 1,381,419 square feet.

This project proposes to relocate tenants within the building; alter space to provide for new Circuit Court chambers and senior District judges' chambers; install fire sprinklers, a fire alarm system, emergency power, and a smoke control system; remove asbestos; replace lighting; and clean air conditioning ductwork.

Chicago, IL, Federal Supply Service Depot.......$376,000

The FSS Depot was constructed in 1942 and acquired by GSA in 1965. The building provides an occupiable area of 830,829 square feet and a gross area of 981,372 square feet.

This project proposes to repair/replace the existing defective roofing system.

New Orleans, LA, Boggs Federal Building and Courthouse......................................$657,000

This building, constructed in 1976, provides an occupiable area of 424,629 square feet and a gross area of 687,300 square feet.

This project proposes to provide expansion space for the District Courts; install a fire sprinkler system; and replace the air conditioning chillers.

Boston, MA, McCormack Post Office and Courthouse....................................$3,200,000

This 22-story high-rise office building was constructed in 1933 and provides an occupiable area of 384,490 square feet and a gross area of 666,644 square feet. The building is eligible for listing on the National Register of Historic Places.

This project proposes to provide expansion space for the Courts, upgrade building systems, provide fire and life-safety features, and replace the windows.

Baltimore, MD, U.S. Appraisers Stores.............$272,000

This eight-story building was constructed in 1934. It provides an occupiable area of 95,000 square feet and a gross area of 163,580 square feet.

This project proposes to upgrade vacant space by installing interior finishes including suspended ceilings, fluorescent lighting, partitions, and new flooring. Agencies will be relocated from leased space upon completion of these alterations.

Middle River, MD, Depot......................$1,000,000

The Depot was built in 1941 and provides an occupiable area of 1,133,000 square feet and a gross area of 1,251,973 square feet.

This project proposes to upgrade the electrical and lighting systems; install fire sprinklers, subdivisions, exit signs, emergency lighting and stairways; replace the

DESIGN AND CONSTRUCTION SERVICES

PROJECT DESCRIPTIONS
REPAIRS AND ALTERATIONS PROJECTS SCHEDULED FOR FY 1987 DESIGN

Detroit, MI, McNamara Federal Building...........$302,000

The Patrick V. McNamara Federal Building was constructed in 1976. It is a modern 27-story office building constructed of reinforced concrete, which provides an occupiable area of 733,000 square feet and a gross area of 1,136,450 square feet.

This project proposes to alter space, including building systems and equipment, to accommodate the space requirements of the Military Enlisting Processing Station, which will be relocated from leased space.

Philadelphia, PA, Byrne Courthouse..............$500,000

This 23-story high-rise building was constructed in 1975. It is located in the Historic District of Philadelphia and provides an occupiable area of 426,560 square feet and a gross area of 747,560 square feet.

This project proposes to relocate current tenants to leased space and alter the building to meet the expansion requirements of the District Courts.

Austin, TX, Internal Revenue Service Complex.....$743,000

The IRS Service Center Complex was constructed in 1963. The three buildings have an occupiable area of 636,058 square feet and a gross area of 691,699 square feet.

This project proposes to replace the roofing system; upgra or replace the electrical, plumbing, and air conditioning systems and equipment; and otherwise upgrade space to meet tenants' requirements.

Austin, TX, Post Office.........................$445,000

This building, constructed in 1965, provides an occupiable area of 300,613 square feet and a gross area of 413,733 square feet.

This project proposes to alter postal workroom space into additional District Court facilities; install a new elevat and upgrade existing ones; provide new restrooms and upgrad existing ones; and modify the heating, ventilating, and ai conditioning system.

Abingdon, VA, Federal Building.................$100,000

The Federal Building was built in 1958 and provides an occupiable area of 21,320 square feet and a gross area of 31,520 square feet.

This project proposes to convert postal workroom space into additional District Court facilities; expand Circuit Court facilities; renovate vacant space for the relocation of tenants currently in leased space; and install fire sprinklers.

DESIGN AND CONSTRUCTION SERVICES

PROJECT DESCRIPTIONS
REPAIRS AND ALTERATIONS PROJECTS SCHEDULED FOR FY 1987 DESIGN

Arlington, VA, Pentagon........................	$2,400,000

The Pentagon was constructed in 1942 and has a gross area of 6,546,360 square feet and an occupiable area of 3,796,308 square feet.

This project proposes to renovate the entire basement level; replace floor slabs; upgrade mechanical, electrical and plumbing systems; and install fire sprinklers and emergency egress features.

PURCHASE CONTRACT PAYMENTS
(Dollars in Thousands)
DIGEST OF OBLIGATIONAL LEVELS

FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
-0-	$178,116	-0-	$135,100	-0-	$143,442	-0-	$8,342	-0-	-0-	-0-	$8,342

BACKGROUND

Both the Public Buildings Purchase Contract Act of 1954 and the Public Buildings Amendments of 1972 enabled GSA to enter into contractual arrangements for the contruction of a backlog of approved but unfunded projects. The purchase contracts require the Government to make periodic payments on these facilities over varying periods until title is transferred to the Government. This activity provides for the payment of principal, interest, taxes and other required obligations related to facilities acquired pursuant to both the Public Buildings Purchase Contract Act of 1954 (40 U.S.C. 356) and the Public Buildings Amendments of 1972 (40 U.S.C. 602a).

The purchase contract method of construction has utilized two systems of financing - the Package System and the Dual System.

Under the Package System of financing, the successful bidder was required to finance and construct the facility and, upon completion, transfer the improvements to the Government for the purchase price. This purchase price was amortized either over a twenty-five-year term through quarterly payments (Purchase Contract Act of 1954), or over a thirty-year term through semi-annual payments (Public Buildings Amendments of 1972) by the Government, including interest at the contractor's bid rate. This system was used for all projects constructed under the Purchase Contract Act of 1954 and for twenty-three smaller projects constructed under the Public Buildings Amendments of 1972. Payments of principal, interest, and taxes were not required on package system projects until construction was substantially completed and the purchase contract was consummated (i.e., the date of the purchase contract). The first payment of principal and interest became due six months after the purchase contract was executed and, thereafter, semi-annual installments were to be paid over a term of thirty years.

The Dual System of financing involved separate contracting for construction and financing. Construction contracting was done in the same way as under direct Federal construction; however, to secure the necessary financing, a trust was established. Pursuant to an indenture between GSA and the trustee, certificates were competitively bid and sold to securities underwriters. In order to achieve favorable market acceptance, several projects were grouped under each indenture, and payments of principal and interest were made on each group of projects over a thirty-year term. Certificates were sold to security underwriters to finance the construction of twenty-nine buildings.

A variation of the Dual System has been incorporated in financing arrangements with the Federal Financing Bank, which provided for the construction of an additional sixteen buildings. Under this variation, a commitment was made by the Federal Financing Bank at the initial date of the purchase contract. This commitment was drawn down monthly as funds were required for each project. This procedure eliminated carrying costs associated with investing unused funds, and thus reduced the total cost of the purchase contract

205

financing. Title for each of these buildings was transferred from the trustee to the Federal Government in FY 1985. As a result of this action, these facilities are no longer subject to municipal and state taxes.

For Dual System projects, the date of the purchase contract is the date of the initial financing or commitment, and the term is thirty years. Under this system, taxes are paid from the Federal Buildings Fund from the beginning of the construction period and until such time as title to the building is transferred to the Government. However, interest and administrative expenses during the construction period were paid directly from the proceeds of the sale of participation certificates. At a predetermined date, the purchase contract price for each group of projects (which includes all project costs plus capitalized interest) is amortized over the remaining life of the purchase contract according to an established sinking fund.

JUSTIFICATION

A. HIGHLIGHT. In FY 1987 a budgetary savings of $2,155 thousand will be realized through early retirement of four package systems projects located in Iowa City, IA; Fitchburg, MA; Aberdeen, SD; and Rapid City, SD (see Exhibit 52-1). An additional budgetary savings of $8,025 thousand in taxes will be realized through the acquisition of title during FY 1985/1986 of sixteen buildings financed through the Federal Financing Bank (this cost avoidance was also reflected in FY 1986).

FY 1987 resources will be obligated for:

1. Payment of principal, interest and taxes ($11,174 thousand) on nineteen package system purchase contracts authorized by the Public Buildings Amendments of 1972.

2. Payment of principal and interest ($113,782 thousand) on seven Public Buildings Purchase Contract and Trust Indentures authorized by the Public Buildings Amendments of 1972 (Dual System).

3. Payment of trustee fees and other administrative expenses ($125 thousand) related to seven Public Building Purchase Contract Trust Indentures authorized by the Public Buildings Amendments of 1972 (Dual System).

4. Payment of taxes ($18,361 thousand) on twenty-nine Purchase Contract projects authorized by the Public Buildings Amendments of 1972 (Dual System).

Efforts to buyout projects funded under the Package System will continue. GSA will also continue to make open market purchase of those Dual System Indentures containing clauses that allow Government buy-backs up to 60 days prior to mandatory redemption. Savings realized via early buy-backs will be credited toward future year requirements for mandatory redemptions.

B. EXPLANATION OF CHANGES, FY 1986 VS FY 1987. A net increase of $8,342 thousand for Purchase Contracts in FY 1987:

1. An increase of $6,670 thousand for taxes. This reflects revised tax rates for state and local taxes ($2,646 thousand) and first time tax payments on three buildings located in Illinois ($4,024 thousand). Until recently, Illinois state law did not require GSA to pay state and local taxes on these buildings. In FY 1987 GSA will be liable for taxes on these buildings.

2. An increase of $5,294 thousand for principal payments. This increase includes: (a) Change in mandatory redemptions under the Dual System from FY 1986 levels ($4,072 thousand); and (b) Dual and Package System fixed payments based on amortization schedules that cause the interest to decrease with each payment and the principal to increase ($1,222 thousand).

3. A decrease of $2,220 thousand for interest. As principal amounts decrease there is a proportionate decline in interest payments.

PURCHASE CONTRACT PAYMENTS (Cont'd)
(Dollars in Thousands)

4. A decrease of $606 thousand for taxes. This decrease is related to the FY 1985 acquisition of title for five Package System buildings (Kansas City, KS; Omaha, NE; Albuquerque, NM; Iowa City, IA; and Fitchburg, MA).

5. A decrease of $796 thousand in principal and interest requirements. This decrease reflects the completion of principal ($-197 thousand) and interest ($-599 thousand) payment requirements related to early mortgage payoffs on two Package System projects (Iowa City, IA, and Fitchburg, MA).

SUMMARY OF PURCHASE CONTRACT COSTS
(Dollars in Thousands)

	FY 1985				FY 1986				FY 1987				
	1954 ACT PKG SYS	1972 ACT PKG SYS	1972 ACT DUAL SYS	TOTAL	1954 ACT PKG SYS	1972 ACT PKG SYS	1972 ACT DUAL SYS	TOTAL	1954 ACT PKG SYS	1972 ACT PKG SYS	1972 ACT DUAL SYS	TOTAL	DIFFERENCE 1986 - 1987
PRINCIPAL	$ 1,302	$ 16,406	$ 21,516	$ 39,224	$ 0	$ 2,331	$ 27,644	$ 29,975	$ 0	$ 2,300	$ 32,772	$ 35,072	$ 5,097
INTEREST	25	8,581	108,973	117,579	0	7,066	83,062	90,128	0	6,299	81,010	87,309	-2,819
TAXES	405	2,177	18,671	21,253	270	2,395	12,207	14,872	0	2,575	18,361	20,936	6,064
ADMIN FEE	0	7	53	60	0	0	125	125	0	0	125	125	0
TOTAL	$ 1,732	$ 27,171	$149,213	$178,116	$ 270	$11,792	$123,038	$135,100	$ 0	$11,174	$132,268	$143,442	$ 8,342
# OF PROJS	5	23	45	73	3	21 1/	45	69	0	19	45	64	-5

1/Includes two of the four buildings which were bought out during FY 1985. Tax payments on these two buildings are made in arrears and, therefore, tax payments will have to be made thru FY 1986.

EXHIBIT 52-1

PURCHASE CONTRACT PAYMENTS
ESTIMATED FY 1987 COST AVOIDANCE
THROUGH EARLY RETIREMENT OF PACKAGE SYSTEM PROJECTS

PROJECT	PRINCIPAL	INTEREST	TAXES	TOTAL
Iowa				
Iowa City (CT FOR PP	$ 88,900	$ 251,908	$ 122,700	$ 463,508
Massachusetts				
Fitchburg	123,470	331,631	201,760	656,861
South Dakota				
Aberdeen	152,424	389,938	133,100	675,462
Rapid City	81,577	230,560	47,300	359,437
Total - 4 Projects	$ 446,371	$ 1,204,037	$ 504,860	$ 2,155,268

508

RENTAL OF SPACE
(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
N/A	$833,282	N/A	$885,300	N/A	$935,100	N/A	$49,800	N/A	$7,573	N/A	$42,227

BACKGROUND

The General Services Administration (GSA) is responsible for leasing general purpose space and land incident thereto for Federal agencies, except for cases where GSA has delegated its leasing authority (e.g., the Veterans Administration, and Departments of Agriculture, Commerce, and Defense). GSA's policy is to lease privately-owned buildings and land only when: (1) Federal space needs cannot be otherwise accommodated satisfactorily in existing Government-owned or leased space; (2) leasing proves to be more efficient than the construction or alteration of a Federal building; (3) construction or alteration is not warranted because requirements in the community are insufficient or are indefinite in scope or duration; or (4) completion of a new Federal building within a reasonable time cannot be assured.

An objective of the Federal Buildings Fund is to have each agency reflect, as part of its total operating expenses, the costs of the building space it occupies. In this way, agencies become more cognizant and responsive to the need for the most economical and efficient utilization of that space. To encourage such awareness, GSA is continuing it's implementation of the President's Work Space Management Initiative. New Temporary Federal Property Management Regulation (FPMR) D-71 combining FPMR Temporary Regulation D-68 (GSA-controlled space) and FPMR Temporary Regulation D-70 (all Government-controlled space) was issued on June 26, 1985. It emphasizes that it is the primary role of the agencies to reduce space, while establishing GSA's role to issue regulations and guidelines as necessary, coordinate the collection of data, and to report results to the Cabinet Council for Management and Administration. Under the new regulation, the office utilization rate goal remains at 135 square feet per employee. However, to make this goal more equitable, a program has been established to permit allowances in office space for certain non-work station-related functions (e.g., reception areas, conference rooms, libraries, etc.), known as "supplemental space factors." The regulation recognizes the long-term nature of the work space management initiative and requires agencies to determine when they can achieve the 135 square foot goal in space they occupy. This new regulation will strengthen GSA's commitment to work space management reform and establish a program which is simple, cost-effective, efficient, and sensible.

GSA is continuing its efforts to reduce the amount of vacant space. Although vacant space will never be completely eliminated, GSA's 4.4% ratio of vacant office space to total office space compares favorably with the private sector ratio of 16.1% (Source: Coldwell Banker).

RENTAL OF SPACE (Cont'd)
(Dollars in Thousands)

JUSTIFICATION

A. HIGHLIGHT - The amount requested for FY 1987 reflects a 1.4% (1,184 thousand square feet) net decrease from the FY 1986 end-of-year leased inventory (87,335 thousand square feet). This net decrease includes:

- An increase of 2,416 thousand square feet of new agency space requirements. This includes 342 thousand square feet for tenants temporarily displaced from Government-owned space during asbestos abatement activities.
- A decrease of 3,600 thousand square feet of space that will be terminated based on reduced space needs of GSA's tenant agencies, better utilization of space, the completion of new Federal buildings, and the acquisition of leased buildings and their reclassification as Federally-owned space under GSA's Building Purchase Program.

This activity includes payments of $24,849 thousand to the United States Postal Service for 2,900 thousand square feet of space occupied in USPS buildings by Federal agencies for which GSA is responsible for providing space.

The new FPMR Temporary Regulation D-71 requires that agencies achieve a utilization rate of 135 square feet per person, excluding supplemental space factors (when these factors have been added, the goal varies from agency to agency). GSA's goal is to improve the utilization rate from 157 to 155 square feet per person in GSA-controlled space by the end of FY 1987.

The FY 1986 estimate represents the projected obligations for the Rental of Space program. GSA plans to request authority to reprogram $19,300 thousand from the Repairs and Alterations activity to support 2,500 thousand square feet of expansion space required by customer agencies. GSA has carefully reviewed and reverified each agency's requirements. This amount will supplement the $866,000 thousand authorized in the Continuing Resolution (P.L. 99-190).

B. EXPLANATION OF CHANGES, FY 1986 VS. FY 1987 - A net increase of $49,800 thousand including:

1. Program Changes: Increase of $7,573 thousand.

a. An increase of $29,488 thousand for the costs of 3,800 thousand square feet of new agency expansion space which was acquired in FY 1986. This increase provides for the annualization during FY 1987 of those agency expansions which occurred during FY 1986.

b. An increase of $27,725 thousand for the costs of 2,416 thousand square feet of new agency expansion space to be leased in FY 1987. This increase provides for the part-year cost of new agency space requirements (e.g. U.S. Courts/Omnibus Judgeship, Commerce/Census Bureau, and the Internal Revenue Service/Tax Collection) in FY 1987, and also includes space for agencies temporarily displaced during asbestos abatement activities.

c. A decrease of $31,914 thousand for the release of an estimated 4,700 thousand square feet of leased space in FY 1986. This decrease results from the annualization of savings due to the release of approximately 4,700 square feet of space during FY 1986.

d. A decrease of $17,726 thousand for the release of 3,600 thousand square feet of leased space in FY 1986. This decrease is for space that will be cancelled during FY 1987. A substantial portion of these decreases will result from agency moves from leased facilities into Federal buildings or other consolidated locations, improved utilization of space, and the acquisition of leased buildings and their reclassification as Federally-owned space under GSA's Building Purchase Program.

2. Other Changes: Increase of $42,227 thousand.

An increase of $42,227 thousand for commercial rental rate increases. This increase provides for higher cost of current leases which are expiring and must either be renewed, extended, or replaced when no other alterative exists for housing employees of

RENTAL OF SPACE (Cont'd)
(Dollars in Thousands)

agencies presently occupying this space. This increase also provides for escalator clauses in rental contracts which trigger automatic rent increases in the event of increases in operating costs and real estate taxes. The rental rate increases for replacement actions are substantial, due to expiring leases which are five years old or older and replacement leases which contain current safety and handicapped standards. The amount requested represents the annualization of rate increases which will occur in FY 1986 (61,943 thousand square feet, $23,112 thousand) and the part-year costs of such mandatory lease actions which will occur in FY 1987 (60,221 thousand square feet, $19,115 thousand).

The following exhibits contain further information regarding the Rental of Space program:

Exhibit 53-1 - Changes in Rental of Space, FY 1986 - FY 1987
Exhibit 53-2 - FY 1987 Leased Inventory
Exhibit 53-3 - FY 1987 Funding
Exhibit 53-4 - Average Rental Rate Per Square Foot, FY 1980 - FY 1987
Exhibit 53-5 - Average Rental Rates Paid to Lessors for Office Space, FY 1985 - FY 1987
Exhibit 53-6 - Lease Turnover Analysis, FY 1985 - FY 1987
Exhibit 53-7 - Workload Factors, FY 1985 - FY 1987
Exhibit 53-8 - Summary of Government-Owned vs Leased space, FY 1985 - FY 1987
Exhibit 53-9 - Inventory of Government-Owned vs Leased Space, FY 1980 - FY 1987
Exhibit 53-10A - Summary of Space Assigned, Total FY 1985 - FY 1987
Exhibit 53-10B - Summary of Space Assigned, Leased FY 1985 - FY 1987
Exhibit 53-10C - Summary of Space Assigned, Government-Owned FY 1985 - FY 1987
Exhibit 53-11A - Summary of Vacant Space, Total FY 1985 - FY 1987
Exhibit 53-11B - Summary of Vacant Space, Office FY 1985 - FY 1987
Exhibit 53-11C - Summary of Vacant Space, Storage FY 1985 - FY 1987
Exhibit 53-11D - Summary of Vacant Space, Special FY 1985 - FY 1987
Exhibit 53-11E - Summary of Vacant Space, Buildings with Vacant Space as of 9/30/85
Exhibit 53-12 - Impact of Reduction in Utilization Rates and Projected Employees Housed on Cost of Leased Space, FY 1986 - FY 1987
Exhibit 53-13 - Cost Impact on the FY 1987 Capital Program on Rental of Space in FY 1987
Exhibit 53-14 - Savings Impact on the FY 1987 Capital Program on Rental of Space

CHANGES IN RENTAL OF SPACE
(SQ. FT. AND $ IN THOUSANDS)
FY 1986 - FY 1987

	SQ. FT.	COST
FY 1986 PROGRAM	87,335	$885,300
Annualization of rent increases that occurred during FY 1986 (tax & operating cost escalations, and succeeding, replacement and renewal leases).	—	23,112
Annualization of savings from cancellations that occurred during FY 1986.	—	-31,914
Annualization of expansion that occurred during FY 1986.	—	29,488
BASE COST FOR FY 1987	87,335	$905,986
Part-year cost of rent increases that will occur during FY 1987 (tax & operating cost escalations, and succeeding, replacement and renewal leases).	(60,221)	19,115
Part-year savings from cancellations that will occur during FY 1987.	-3,600	-17,726
Part-year cost of expansion that will occur during FY 1987.	2,416	27,725
TOTAL COST FOR FY 1987	86,151	$935,100

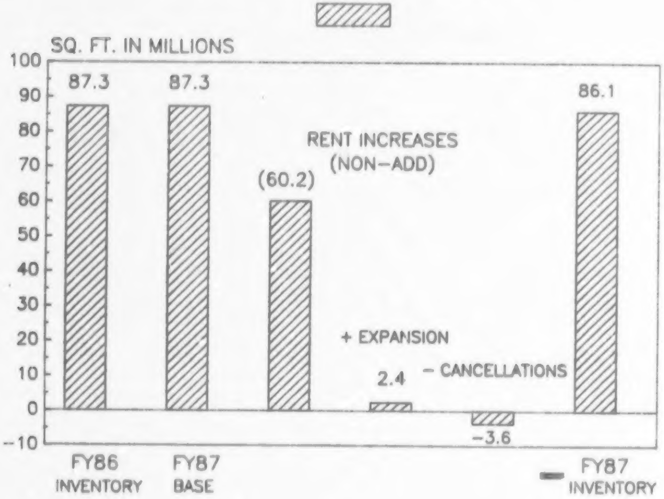
NOTE: Square Footages in parentheses are non-add; they relate to space already in the base-year inventory.

212

Exhibit 53-2

RENTAL OF SPACE

FY87 LEASED INVENTORY



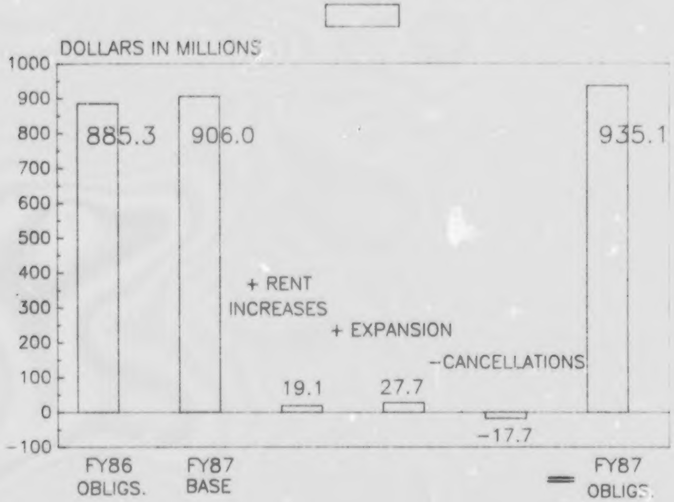
BLANK PAGE

BLANK PAGE

BLANK PAGE

Exhibit 53-3

RENTAL OF SPACE
FY87 FUNDING



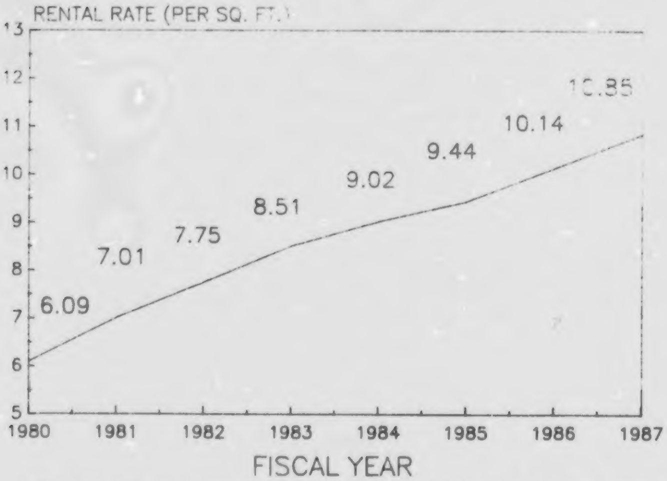
214

RP-60

EXHIBIT 53-4

RENTAL OF SPACE

Average Rental Rate Per Square Foot
FY 1980 – FY 1987



This chart reflects the average rental rate per square foot based on actual and estimated obligations by fiscal year for all space under lease.

EXHIBIT 53-5

AVERAGE RENTAL RATES PAID TO LESSORS FOR OFFICE SPACE
FY 1985 - FY 1987

Region	CITY	FY 1985 ACTUAL	FY 1986 ESTIMATE	FY 1987 ESTIMATE	REMARKS
1	BOSTON, MA	$16.70	$18.47	$18.47	
2	NEW YORK, NY	$11.85	$12.24	$13.74	
3	PHILADELPHIA, PA	$9.41	$9.65	$9.75	
4	ATLANTA, GA	$8.14	$8.23	$8.24	
5	CHICAGO, IL	$12.47	$13.14	$18.85	44% of the office space in Chicago has a lease expiration date in FY 1987. The average age of these leases is nine years. Therefore, there will be substantial increases from current rental rates for this space.
6	KANSAS CITY, MO	$8.20	$8.93	$9.56	
7	FORTH WORTH, TX	$10.94	$11.03	$11.14	
8	DENVER, CO	$10.53	$11.73	$12.93	
9	SAN FRANCISCO, CA	$20.43	$22.48	$27.72	This rental rate includes 206 thousand square feet of office expansion space at an annual rental of $7,828 thousand for tenants temporarily displaced to leased space by the asbestos removal/encapsulation project in San Francisco, CA. Without this project, the rental rate would be $25.61.
10	AUBURN, WA	$7.49	$7.49	$7.49	
11	WASHINGTON, DC	$10.66	$12.40	$14.04	

216

EXHIBIT 53-6

LEASE TURNOVER ANALYSIS
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

	FY 1985 ACTUAL	FY 1986 ESTIMATE	FY 1987 ESTIMATE
LEASED SQ. FT. - OPENING	88,729	88,235	[illegible]
NO. OF SQ. FT. TO BE RENEWED (%)	11,193 (13%)	14,57[illegible] (16%	9,92[illegible] (11%
NO. OF LEASES - OPENING	4,977	4,764	4,695
NO. OF LEASES TO BE RENEWED (%)	1,175 (24%)	1,091 (23%)	869 (19%)

217

RENTAL OF SPACE
WORKLOAD FACTORS
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

	FY 1985 ACTUAL	FY 1986 ESTIMATE	FY 1987 ESTIMATE	FY 1986 VS. FY 1987 AMOUNT	FY 1986 VS. FY 1987 % CHANGE
TOTAL SPACE IN INVENTORY (SQ. FT.)*	226,484	226,885	225,801	-1,084	-0.5%
ASSIGNED**	212,578	210,385	209,801	-584	-0.3%
VACANT	13,906	16,500	16,000	-500	-3.0%
% OF TOTAL SPACE IN INVENTORY					
GOVERNMENT-OWNED	61.0%	61.5%	61.8%		
LEASED	39.0%	38.5%	38.2%		
GOVERNMENT-OWNED INVENTORY (SQ. FT.)	138,249	139,550	139,650	100	0.1%
ASSIGNED	126,471	125,350	125,950	600	0.5%
VACANT	11,778	14,200	13,700	-500	-3.5%
LEASED SPACE INVENTORY (SQ. FT.)***	88,235	87,335	86,151	-1,184	-1.4%
ASSIGNED	86,107	85,035	83,851	-1,184	-1.4%
VACANT	2,128	2,300	2,300	0	0.0%
TOTAL PERSONNEL HOUSED	887,288	885,000	888,500	3,500	0.4%
NUMBER OF LEASES	4,764	4,695	4,630	-65	-1.4%
TOTAL SQ. FT. ASSIGNED TO PBS	1,850	1,850	1,850	0	0.0%

* Does not include outside parking

** Includes PBS space which is exempted from RENT

*** Includes space in USPS facilities

218

RENTAL OF SPACE
SUMMARY OF GOVERNMENT-OWNED vs LEASED SPACE
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

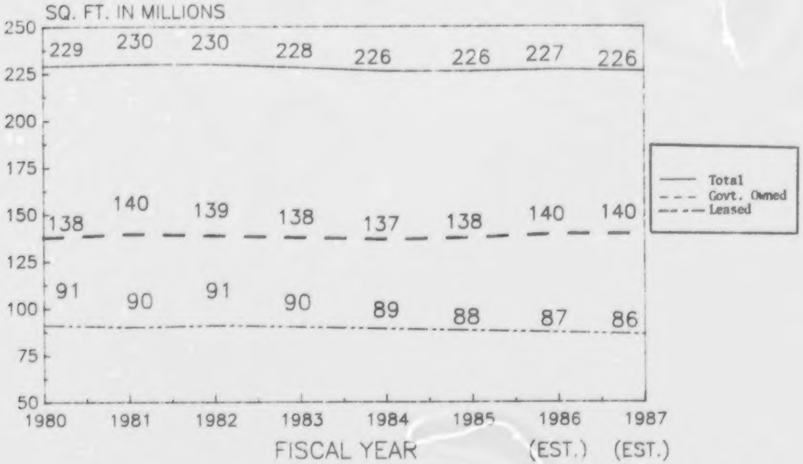
	FY 1985 ACTUAL			FY 1986 ESTIMATE			FY 1987 ESTIMATE		
	GOVERNMENT OWNED	LEASED	TOTAL	GOVERNMENT OWNED	LEASED	TOTAL	GOVERNMENT OWNED	LEASED	TOTAL
SQUARE FEET									
OFFICE	74,888	64,624	139,512	75,471	64,290	139,761	75,527	63,566	139,093
STORAGE	33,869	9,106	42,975	34,887	8,221	43,108	34,913	7,989	42,902
SPECIAL	21,000	9,238	30,238	20,933	8,562	29,495	20,947	8,407	29,354
INSIDE PARKING	8,492	5,267	13,759	8,259	6,262	14,521	8,263	6,189	14,452
TOTAL	138,249	88,235	226,484	139,550	87,335	226,885	139.650	86,151	225,801
Percent of Total Inventory	61.0%	39.0%	100.0%	61.5%	38.5%	100.0%	61.8%	38.2%	100.0%
EMPLOYEES HOUSED									
OFFICE	429,163	405,207	834,370	424,500	407,600	832,100	433,300	405,200	838,500
STORAGE	4,640	2,034	6,674	5,000	2,000	7,000	5,000	2,000	7,000
SPECIAL	31,077	15,167	46,244	32,950	12,950	45,900	32,776	10,224	43,000
INSIDE PARKING	0	0	0	0	0	0	0	0	0
TOTAL	464,880	422,408	887,288	462,450	422,550	885,000	471,076	417,424	888,500
Percent of Total Housed	52.4%	47.6%	100.0%	52.3%	47.7%	100.0%	53.0%	47.0%	100.0%

219

EXHIBIT 53-9

RENTAL OF SPACE

Inventory of Government–Owned and Leased Space
FY 1980 – FY 1987



220

EXHIBIT 53-10A

RENTAL OF SPACE
SUMMARY OF SPACE ASSIGNED, TOTAL
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

AGENCY	FY 1985 ACTUAL	FY 1986 ESTIMATE	CHANGE FROM FY 1985	FY 1987 ESTIMATE	CHANGE FROM FY 1986
LEGISLATIVE BRANCH	1,407	1,407	0	1,407	0
U.S. COURTS	11,470	11,770	300	11,850	80
EXEC. OFFICE OF THE PRESIDENT	688	688	0	688	0
AGRICULTURE	8,838	8,678	-160	8,558	-120
COMMERCE	6,061	6,086	25	6,131	45
DEFENSE	28,249	28,549	300	28,849	300
HHS	26,474	25,784	690	25,384	400
HUD	2,658	2,418	-240	2,393	-25
INTERIOR	11,606	11,681	75	11,731	50
JUSTICE	14,047	14,572	525	15,097	525
LABOR	4,581	4,131	-450	3,881	-250
STATE	2,237	2,337	100	2,437	100
TRANSPORTATION	6,463	6,408	-55	6,363	-45
TREASURY	25,703	26,328	625	26,953	625
ENERGY	3,274	3,254	-20	3,229	-25
EPA	2,536	2,561	25	2,611	50
GSA	27,992	28,032	40	28,052	20
NASA	889	874	-15	869	-5
VETERANS ADMINISTRATION	6,185	6,060	-125	6,035	-25
USPS	3,998	3,938	-60	3,903	-35
ALL OTHER AGENCIES	17,222	14,829	-2,393	13,450	-1,379
TOTAL	212,578	210,385	-2,193	209,801	-584

221

BEST COPY AVAILABLE

Public Buildings Service - Federal Buildings Fund

EXHIBIT 5[illegible]

RENTAL OF SPACE
SUMMARY OF SPACE ASSIGNED, LEASED
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

AGENCY	FY 1985 ACTUAL SQ. FT.	FY 1985 ACTUAL % OF TOTAL SPACE	FY 1986 ESTIMATE SQ. FT.	FY 1986 ESTIMATE % OF TOTAL SPACE	CHANGE FROM FY 1985 SQ. FT.	FY 1987 ESTIMATE SQ. FT.	FY 1987 ESTIMATE % OF TOTAL SPACE	CHANGE FROM FY 1986 SQ. FT.
LEGISLATIVE BRANCH	126	9%	127	9%	1	127	9%	0
U.S. COURTS	1,585	14%	1,648	14%	[illegible]	1,659	14%	11
EXEC. OFFICE OF THE PRESIDENT	116	17%	117	17%	1	117	[illegible]	0
AGRICULTURE	3,739	42%	3,645	42%	[illegible]	[illegible]	[illegible]	[illegible]
COMMERCE	2,730	45%	2,739	45%	[illegible]	[illegible]	[illegible]	[illegible]
DEFENSE	12,266	43%	12,276	43%	[illegible]	[illegible]	[illegible]	[illegible]
HHS	16,461	62%	15,986	62%	-475	[illegible]	[illegible]	-246
HUD	1,171	44%	1,163	48%	-8	[illegible]	[illegible]	141
INTERIOR	6,969	60%	7,009	60%	40	7,039	60%	30
JUSTICE	4,707	34%	4,954	34%	247	5,133	34%	179
LABOR	2,116	46%	1,900	46%	-216	1,785	46%	-115
STATE	735	33%	771	33%	36	804	33%	43
TRANSPORTATION	3,886	60%	3,845	60%	-41	3,918	60%	-27
TREASURY	12,354	48%	12,637	48%	283	12,938	48%	301
ENERGY	1,003	31%	1,009	31%	6	1,001	31%	8
EPA	2,111	83%	2,126	83%	15	2,167	83%	41
GSA	3,558	13%	3,644	13%	86	3,540	13%	-104
NASA	145	16%	140	16%	-5	139	16%	-1
VETERANS ADMINISTRATION	1,551	25%	1,515	25%	36	1,512	25%	-3
USPS	42	1%	39	1%	3	39	1%	0
ALL OTHER AGENCIES	8,736	51%	7,745	50%	991	6,515	47%	-1,230
TOTAL	86,107	41%	85,035	40%	-1,072	83,851	40%	-1,184

RP-68

222

EXHIBIT 53-10C

RENTAL OF SPACE
SUMMARY OF SPACE ASSIGNED, GOVERNMENT-OWNED
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

AGENCY	FY 1985 ACTUAL		FY 1986 ESTIMATE		CHANGE FROM FY 1985	FY 1987 ESTIMATE		CHANGE FROM FY 1986
	SQ. FT.	% OF TOTAL SPACE	SQ. FT.	% OF TOTAL SPACE	SQ. FT.	SQ. FT.T.	% OF TOTAL SPACE	SQ. FT.
LEGISLATIVE BRANCH	1,281	91%	1,280	91%	-1	1,280	91%	0
U.S. COURTS	9,885	86%	10,122	86%	237	10,191	86%	69
EXEC. OFFICE OF THE PRESIDENT	572	83%	571	83%	-1	571	83%	0
AGRICULTURE	5,099	58%	5,033	58%	-66	4,964	58%	-69
COMMERCE	3,331	55%	3,347	55%	16	3,372	55%	25
DEFENSE	15,983	57%	16,273	57%	290	16,444	57%	171
HHS	10,013	38%	9,798	38%	-215	9,646	38%	-152
HUD	1.487	56%	1,255	52%	-232	1,301	56%	46
INTERIOR	4,637	40%	4,672	40%	35	4,692	40%	20
JUSTICE	9,340	66%	9,618	66%	278	9,964	66%	346
LABOR	2,465	54%	2,231	54%	-234	2,096	54%	-135
STATE	1,502	67%	1,566	67%	64	1,633	67%	67
TRANSPORTATION	2,577	40%	2,563	40%	-14	2,545	40%	-18
TREASURY	13,349	52%	13,691	52%	342	14,015	52%	324
ENERGY	2,271	69%	2,245	69%	-26	2,228	69%	-17
EPA	425	17%	435	17%	10	444	17%	9
GSA	24,434	87%	24,388	87%	-46	24,512	87%	124
NASA	744	84%	734	84%	-10	730	84%	-4
VETERANS ADMINISTRATION	4,634	75%	4,545	75%	-89	4,523	75%	-22
USPS	3,956	99%	3,899	99%	-57	3,864	99%	-35
ALL OTHER AGENCIES	8,486	49%	7,084	45%	-1,402	6,935	50%	-149
TOTAL	126,471	59%	125,350	60%	-1,121	125,950	60%	600

RENTAL OF SPACE
SUMMARY OF VACANT SPACE, TOTAL
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

	FY 1985 ACTUAL	CHANGE FROM FY 1984	FY 1986 ESTIMATE	CHANGE FROM FY 1985	FY 1987 ESTIMATE	CHANGE FROM FY 1986
GOVERNMENT-OWNED						
AVAILABLE FOR ASSIGNMENT	3,691	-1,246	5,254	1,563	4,247	-1,007
TO BE PHASED-OUT	1,014	-274	1,136	122	1,644	508
COMMITTED / UNDER ALTERATION	7,073	1,736	7,810	737	7,809	-1
TOTAL, GOVERNMENT-OWNED	11,778	216	14,200	2,422	13,700	-500
LEASED						
AVAILABLE FOR ASSIGNMENT	1,215	-499	1,361	146	1,472	111
TO BE PHASED-OUT	14	-51	13	-1	10	-3
COMMITTED / UNDER ALTERATION	899	254	926	27	818	-108
TOTAL, LEASED	2,128	-296	2,300	172	2,300	0
TOTAL, ALL VACANT SPACE	13,906	-80	16,500	2,594	16,000	-500
% OF TOTAL VACANT SPACE						
GOVERNMENT-OWNED	84.7%		86.1%		85.6%	
LEASED	15.3%		13.9%		14.4%	

EXHIBIT 53-11B

RENTAL OF SPACE
SUMMARY OF VACANT SPACE, OFFICE

(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

	FY 1985 ACTUAL	CHANGE FROM FY 1984	FY 1986 ESTIMATE	CHANGE FROM FY 1985	FY 1987 ESTIMATE	CHANGE FROM FY 1986
GOVERNMENT-OWNED						
AVAILABLE FOR ASSIGNMENT	1,483	-312	3,350	1,867	2,604	-746
TO BE PHASED-OUT	39	-155	67	28	62	-5
COMMITTED / UNDER ALTERATION	2,809	542	3,283	474	3,534	251
TOTAL, GOVERNMENT-OWNED	4,331	75	6,700	2,369	6,200	-500
LEASED						
AVAILABLE FOR ASSIGNMENT	935	-344	1,133	198	1,280	147
TO BE PHASED-OUT	7	-52	6	-1	6	0
COMMITTED / UNDER ALTERATION	820	294	861	41	710	-151
TOTAL, LEASED	1,762	-102	2,000	238	1,996	-4
TOTAL, VACANT OFFICE SPACE	6,093	-27	8,700	2,607	8,196	-504
% OF VACANT OFFICE SPACE						
GOVERNMENT-OWNED	71.1%		77.0%		75.6%	
LEASED	28.9%		23.0%		24.4%	

225

RENTAL OF SPACE
SUMMARY OF VACANT SPACE, STORAGE
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

	FY 1985 ACTUAL	CHANGE FROM FY 1984	FY 1986 ESTIMATE	CHANGE FROM FY 1985	FY 1987 ESTIMATE	CHANGE FROM FY 1986
GOVERNMENT-OWNED						
AVAILABLE FOR ASSIGNMENT	1,626	-831	1,707	81	1,528	-179
TO BE PHASED-OUT	964	-50	1,012	48	1,482	470
COMMITTED / UNDER ALTERATION	3,450	1,069	3,622	172	3,521	-101
TOTAL, GOVERNMENT-OWNED	6,040	188	6,341	301	6,531	190
LEASED						
AVAILABLE FOR ASSIGNMENT	176	-71	119	-57	122	3
TO BE PHASED-OUT	4	-2	4	0	2	-2
COMMITTED / UNDER ALTERATION	52	-26	36	-16	44	8
TOTAL, LEASED	232	-99	159	-73	168	9
TOTAL, VACANT STORAGE SPACE	6,272	89	6,500	228	6,699	199
% OF VACANT STORAGE SPACE						
GOVERNMENT-OWNED	96.3%		97.6%		97.5%	
LEASED	3.7%		2.4%		2.5%	

EXHIBIT 53-11D

RENTAL OF SPACE
SUMMARY OF VACANT SPACE, SPECIAL
(SQ. FT. IN THOUSANDS)
FY 1985 - FY 1987

	FY 1985 ACTUAL	CHANGE FROM FY 1984	FY 1986 ESTIMATE	CHANGE FROM FY 1985	FY 1987 ESTIMATE	CHANGE FROM FY 1986
GOVERNMENT-OWNED						
AVAILABLE FOR ASSIGNMENT	583	-102	197	-386	115	-82
TO BE PHASED-OUT	10	-70	57	47	100	43
COMMITTED / UNDER ALTERATION	814	125	905	91	754	-151
TOTAL, GOVERNMENT-OWNED	1,407	-47	1,159	-248	969	-190
LEASED						
AVAILABLE FOR ASSIGNMENT	104	-84	109	5	70	-39
TO BE PHASED-OUT	3	3	3	0	2	-1
COMMITTED / UNDER ALTERATION	27	-14	29	2	64	35
TOTAL, LEASED	134	-95	141	7	136	-5
TOTAL, VACANT SPECIAL SPACE	1,541	-142	1,300	-241	1,105	-195
% OF VACANT SPECIAL SPACE						
GOVERNMENT-OWNED	91.3%		89.2%		87.7%	
LEASED	8.7%		10.8%		12.3%	

RENTAL OF SPACE
SUMMARY OF VACANT SPACE,
BUILDINGS WITH VACANT SPACE
(SQ. FT. IN THOUSANDS)
AS OF 9/30/85

	SQUARE FEET OF VACANT SPACE				
	NUMBER OF BUILDINGS	OFFICE	STORAGE	SPECIAL	TOTAL
BUILDINGS WITH MORE THAN 25,000 SQUARE FEET OF VACANT OFFICE SPACE					
LEASED	9	653	50	16	719
GOVERNMENT-OWNED	52	2,340	740	360	3,440
BUILDINGS WITH MORE THAN 150,000 SQUARE FEET OF VACANT STORAGE SPACE					
LEASED	0	0	0	0	0
GOVERNMENT-OWNED	13	30	2,977	20	3,027
BUILDINGS WITH MORE THAN 10,000 SQUARE FEET OF VACANT SPECIAL SPACE					
LEASED	1	0	0	13	13
GOVERNMENT-OWNED	34	900	442	888	2,230

(Duplications exist between categories where buildings contain more than one type of space than specified, i.e., one particular building may contain more than 25,000 square feet of vacant space and more than 10,000 square feet of vacant special space).

EXHIBIT 53-12

IMPACT OF REDUCTION IN UTILIZATION RATES AND PROJECTED EMPLOYEES HOUSED ON COST OF LEASED SPACE
(IN THOUSANDS)
FY 1986 - FY 1987

	FY 1986 ESTIMATE			FY 1987 ESTIMATE			CUMULATIVE EST. SAVINGS FY 1986 - FY 1987	
	SAVINGS/COST AVOIDANCE			SAVINGS/COST AVOIDANCE			SAVINGS/COST AVOIDANCE	
	SQ. FT.	PART-YEAR	PER ANNUM	SQ. FT.	PART-YEAR	PER ANNUM	SQ. FT.	PER ANNUM
Cancellations	900	$4,293	$8,586	400	$1,964	$3,928	1,300	$12,514
Reduced Expansion	700	5,460	10,920	1,600	12,960	25,920	2,300	36,840
TOTAL	1,600	$9,753	$19,506	2,000	$14,924	$29,848	3,600	$49,354
Office Utilization Rate	157 Sq. Ft. Per Person Housed			155 Sq. Ft. Per Person Housed				
Office Personnel Housed	832,100			838,500				

229

COST IMPACT OF THE FY 1987 CAPITAL PROGRAM ON RENTAL OF SPACE IN FY 1987 (IN THOUSANDS)

CAPITAL PROGRAM	ESTIMATED CONSTRUCTION COST	ESTIMATED SQ. FT. OF EXPANSION SPACE TO BE LEASED	ESTIMATED EFFECTIVE DATE OF LEASE	ESTIMATED FY 1987 RENTAL	ESTIMATED FULL YEAR RENTAL
REPAIRS AND ALTERATIONS ASBESTOS ABATEMENT PROJECTS:					
FB CT, San Francisco, CA	$32,762	206	10/1/86	$7.828	$7.828
FB PO, Los Angeles, CA	10,754	41	3/1/87	837	1.435
FB, Miami, FL	6,297	40	6/1/87	333	1.000
FB PO CT, Raleigh, NC	5.358	55	10/1/86	885	885
TOTAL	$55,171	342		$9,883	$11,148

EXHIBIT 53-14

SAVINGS IMPACT OF THE FY 1987 CAPITAL PROGRAM ON RENTAL OF SPACE (IN THOUSANDS)

CAPITAL PROGRAM	ESTIMATED CONSTRUCTION/ ACQUISITION COST	ESTIMATED DATE OF COMPLETION	ESTIMATED SQ. FT. TO BE CANCELLED	EST. RENT SAVINGS IN THE YEAR OF COMPLETION	EST. RENT SAVINGS FOR FIRST FULL YEAR
CONSTRUCTION AND ACQUISITION OF FACILITIES ACQUISITION PROJECT:					
Thousand Islands Bridge Border Station, Wellesley Island, NY	$1,925	4/1/87	43	$150	$300
REPAIRS AND ALTERATIONS CONSTRUCTION PROJECTS:					
FB CT, Birmingham, AL	3,899	1/1/89	62	482	642
FB CT., E. St. Louis, IL	3,762	1/1/89	8	50	66
Mart FB, St. Louis, MO	20,000	1/1/89	569	3,464	4,619
FB CT, Trenton, NJ	2,871	1/1/89	4	79	105
FB, Portland, OR	12,069	1/1/89	200	2,419	3,225
TOTAL	$44,526		886	$6,644	$8,957

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
8,826	$679,706	10,409	$709,678	9,516	$734,319	-893	$24,641	-893	$5,406	-0-	$19,235

BACKGROUND

This activity provides for the operation of all Government-owned facilities under the jurisdiction of GSA, and building services in leased space in the GSA inventory where the terms of the lease do not require the lessor to furnish such services.

Services included in building operations are cleaning, protection, maintenance, payments for utilities and fuels, grounds maintenance, and elevator operations. Other related supporting services include various real property management and staff support activities such as space acquisition and assignment; the moving of Federal agencies as a result of space alterations in order to provide better space utilization in existing buildings; on-site inspection of building services and operations accomplished by private contractors; and various highly-specialized contract administration support functions. The space, operations, and services referred to above are furnished by GSA to its tenant agencies in return for payment of rent. Due to considerations unique to their operation, GSA also provides varying levels of above-standard services in agency headquarter facilities, including those occupied by the Executive Office of the President, such as the East and West wings of the White House.

JUSTIFICATION

A. HIGHLIGHT. For FY 1987, $734,319 thousand in new obligational authority is requested for this activity.

An increase of $24,641 thousand over the FY 1986 program is required to provide for services in existing space under GSA's control and in space coming into the inventory through direct Federal construction, and also new leased space or lease renewals which do not require that these services be provided by the lessor.

GSA has played a leading role in the Government's energy conservation efforts, resulting in improved management and less costly operation of Federal real property. During FY 1985, GSA maintained a reduced level of energy consumption. This resulted in a cost avoidance of approximately $117 million in FY 1985 in Government-owned and operated facilities. While the Government's energy conservation program established energy reduction goals only through FY 1985, GSA plans to continue to utilize the energy conservation methods used in previous years and expects to achieve a cost avoidance of approximately $136 million during FY 1987. Since the initiation of the Governments' energy conservation program in FY 1975, through FY 1986 GSA will have achieved an approximate cumulative cost avoidance of $967 million.

Funding and FTE ($432 thousand and 9 FTE workyears) are included to provide for the Office of Small and Disadvantaged Business Utilization. This function was previously funded within GSA's General Management and Administration activity.

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

In conjunction with the President's real property management initiative, the Building Delegation Program has been expanded to include all GSA-controlled single-tenant Government-owned and leased buildings. Under the program, the delegated agency is responsible for the operation of and basic repairs to its delegated buildings. GSA will complete the delegations to all single tenant agencies by September 30, 1986. GSA will budget directly within the Federal Buildings Fund for all delegated buildings. Each year participating agencies will receive funds from GSA to operate these buildings. There are several delegated buildings which will be funded directly by the participating agencies in FY 1987 (See Exhibit 61-3). GSA will budget directly for these and all other delegated buildings in FY 1988.

B. EXPLANATION OF CHANGES, FY 1986 VS FY 1987. A net increase of $24,641 thousand and a net decrease of 893 workyears.

1. An increase of $3,954 thousand to provide for increased workload in GSA-controlled space, both Government-owned and leased. This increase will provide for cleaning ($1,174 thousand), utilities and fuel ($1,794 thousand), maintenance ($685 thousand), other building services ($152 thousand), and protection ($149 thousand) in 1,026 thousand occupiable square feet of building space that will be entering the workload inventory.

2. An increase of $3,253 thousand is necessary to meet changes in moving program requirements. These moves are necessary to support GSA improved space utilization initiatives and agency relocations initiated by GSA associated with asbestos abatement projects.

3. An increase of $9,056 thousand for utility rate and fuel cost escalations. Price increases for utilities and fuels have been moderate for FY 1985, paralleling inflationary increases for most other commodities within the Nation's economy. This trend is expected to continue through FY 1987. Utility rate and fuel adjustment increases during FY 1987 affecting GSA-operated facilities are expected to average about 4.2 percent. However, to the extent that actual inflation exceeds the requested increases of $9,056 thousand during FY 1987, utility services or service delivery in some other Real Property Operations area may have to be adjusted.

4. An increase of $11,979 thousand for normal inflationary cost escalations of supplies, materials, and service contracts at an approximate 4.2 percent annual rate. This increase is needed to provide for escalations of supplies, materials and contracts related to cleaning ($4,082 thousand), maintenance ($3,097 thousand), other building services ($1,680 thousand), protection ($1,414 thousand), other staff support ($908 thousand), delegated buildings ($632 thousand), and ADP support ($166 thousand).

REAL PROPERTY OPERATIONS
(Dollars in Thousands)

5. An increase of $13,713 thousand to restore FY 1986 program deferrals. This increase allows the partial restoration during FY 1987 of selected program activities (e.g., scheduled year-end fuel replenishments, maintenance repairs, equipment repairs and custodial services) which will be deferred in FY 1986 to offset other costs which were unanticipated during the formulation of the FY 1986 budget request. These other costs will result primarily from initiatives to increase the level of automated support to regional and field office activities; increase the management, execution and control of the PBS fire and safety program (including asbestos and PCB abatement); and improve both cost-effectiveness and timeliness in the management of GSA's space inventory. Timely accomplishment of required maintenance repairs (repairs under $10,000) is essential to ensure safe and efficient building operations. Extended postponement of routine maintenance repairs accelerates building deterioration and often causes premature failure of major building mechanical and electrical system components.

6. An increase of $2,908 thousand relating to the delegation of authority for building operations. This increase is necessary to restore funding which was deleted in FY 1986 associated with building operational delegations to the Veterans Administration ($1,747 thousand). It was subsequently determined that GSA would budget for the operation of all delegated buildings during the execution process. Also, $1,161 thousand is provided for the operation of the IRS Headquarters facility in Washington, DC. GSA delegated operational authority for this building in FY 1986.

7. A net decrease of $7,733 thousand associated with administrative and operating equipment purchases. A decrease of $10,049 thousand is related to one-time office automation requirements funded in FY 1986. The decrease is partially offset by an increase of $2,316 thousand needed to purchase new and replacement administrative and operating equipment to support Real Property Operations programs. Administrative equipment was previously funded by payment of a depreciation charge to the General Supply Fund.

8. A decrease of $2,696 thousand due to discontinuance of operations and services by GSA. The release of 510 thousand occupiable square feet of building space will reduce cleaning ($818 thousand), utilities and fuel ($874 thousand), maintenance ($906 thousand), and other building services ($98 thousand).

9. A decrease of $2,156 thousand for savings due to energy conservation efforts. These savings are due to further operational economies to be achieved through energy conservation applications in the operation of building systems and building system retrofit projects. These amounts include funds budgeted for buildings where operational authority has been delegated by GSA to the tenant agency.

10. A decrease of $5,837 thousand and 893 FTE workyears for productivity improvements and other operational efficiencies. This decrease will result from improved work methods, expanded use of private contractors, and other operational efficiencies to be achieved through implementation of the provisions of OMB Circular A76. A76 savings will not be achieved unless current appropriation language placing constraints on contracting certain positions (e.g., guards, elevator operators, messengers, and custodians) is deleted. GSA is recommending deletion of this language, commonly referred to as the "Edgar Amendment", in FY 1987.

11. A decrease of $1,800 thousand for reductions of grades GS/GM 11-15 in accordance with Administration direction.

EXHIBIT 61-1

CHANGES IN REAL PROPERTY OPERATIONS FY 1986 - FY 1987

(Dollars in Thousands)

	CLEANING	UTILITIES & FUEL	MAINTENANCE	OTHER BUILDING SERVICES	PROTECTION	STAFF SUPPORT	DELEGATED BUILDINGS	ADP SUPPORT	TOTAL	FTE
FY 1986 CURRENT APPROVED	$167,530	$215,610	$127,154	$74,900	$58,064	$37,280	$15,057	$14,083	$709,678	10,409
1. Workload Increases	1,174	1,794	685	152	149				3,954	
2. Workload Decreases	-818	-874	-906	-98					-2,696	
3. Savings due to energy conservation efforts.		-2,156							-2,156	
4. Increased cost of supplies, materials, and service contracts.	4,082		3,097	1,680	1,414	908	632	166	11,979	
5. Change in one-time equipment purchases and systems development and maintenance.				1,897	339	80	0	-10,049	-7,733	
6. Change in moving requirements (including moves necessitated by asbestos removal/encapsulation projects).				3,253					3,253	
7. Utilities and Fuels rate increases.		9,056							9,056	
8. Maintenance repairs, fuel purchases, cleaning & other building services deferred from FY 1986.	2,583	2,267	7,715	985	163				13,713	
9. Productivity Improvements (including A76 implementation)	-101		-5,736						-5,837	-893
10. Reduction in GS/GM 11-15.				-987	-215	-598			-1,800	
11. FY 1987 Building Delegations							2,908		2,908	
FY 1987 REQUEST	$174,450	$225,697	$132,009	$81,782	$59,914	$37,670	$18,597	$4,200	$734,319	9,516

REAL PROPERTY OPERATIONS
Key Workload Items
(Dollars and Square Feet in Thousands)

	FY 1985			FY 1986			FY 1987		
	Obligations	Average Occupiable Square Feet	Unit Cost	Obligations	Average Occupiable Square Feet	Unit Cost	Obligations	Average Occupiable Square Feet	Unit Cost
Cleaning	$180,337	168,991	1.07	$167,530	170,923	0.98	$174,450	171,259	1.02
Utilities and Fuels	212,119	201,402	1.05	215,610	203,393	1.06	225,697	203,831	1.11
Maintenance	129,813	167,453	0.78	127,154	169,446	0.75	132,009	169,605	0.78
Other Building Services	74,083	253,284	0.29	74,900	248,914	0.30	81,782	249,138	0.33
Protection	56,999	263,504	0.22	58,064	265,240	0.22	59,914	265,863	0.23
Other Staff Support	0			37,280			37,670		
Delegated Buildings	17,000	3,418	4.97	15,057	3,258	4.62	18,597	3,868	4.81
ADP Support	9,355			14,083			4,200		
TOTAL OBLIGATIONS	$679,706			$709,678			$734,319		

236

REAL PROPERTY OPERATIONS

Building Delegations
(Dollars and Square Feet in Thousands)

	FY 1985		FY 1986		FY 1987	
	Obligations	Average Occupiable Square Feet	Obligations	Average Occupiable Square Feet	Obligations	Average Occupiable Square Feet
Agriculture (DOA)	$10,683	1,572				
Housing and Urban Development (HUD)	4,007	891				
Federal Energy Regulatory Commission (FERC)	505	308				
Health and Human Services (HHS)	1,805	647	8,547	2,284	8,906	2,284
Internal Revenue Service (IRS)			6,510	974	7,944	1,146
Veterans Administration (VA)					1,747	438
TOTAL OBLIGATIONS	$17,000	3,418	$15,057	3,258	$18,597	3,868

NOTE: Listed above are known delegations occurring in FY 1985 and FY 1986 which impact the FY 1987 Real Property Operations obligational level:

- DOA, HUD, and FERC budgeted directly for delegated services in FY 1986 and FY 1987;
- HHS was delegated late in FY 1985 and will continue to be funded directly within the Federal Buildings Fund in FY 1986 and FY 1987;
- IRS Headquarters and the Holtsville, NY, IRS Service Center were delegated in FY 1986 and will continue to be funded directly in FY 1986 and FY 1987;
- VA Headquarters, to be delegated in FY 1986, was deleted from GSA's inventory in FY 1986 and must be restored in FY 1987 in accordance with the policy of funding all delegated buildings directly within the Federal Buildings Fund.

Public Buildings Service, Federal Buildings Fund

PROGRAM DIRECTION
(Dollars in Thousands)

DIGEST OF OBLIGATIONAL LEVELS

FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1,675	$117,548	406	$55,481	406	$57,090	-0-	$1,609	-0-	-0-	-0-	$1,609

BACKGROUND

This activity provides for the overall general management and administration of programs which are the responsibility of the Public Buildings Service (PBS) at both the Central Office and Regional Office levels, including long and short range planning, development of policy, and program evaluation and control. It further provides for the cost of essential supporting services for those activities which are funded on a centralized basis.

JUSTIFICATION

A. Highlights

1. General

Program Direction finances personnel and other related support costs pertaining to (1) generalmanagement of all activities under the Overall Direction function; (2) associated costs forDepartment of Labor payment for Accident Compensation, Unemployment Compensation, Personnel Benefits, and other supporting services (such as postage and telecommunications) that are funded on a centralized basis; and (3) automated data processing (ADP) services which support all aspects of the Federal Buildings Fund program, including the nationwide automated data processing system STRIDE (Systematically-Tiered Regional Information Data Environment).

2. "STRIDE" ADP Project

STRIDE is a comprehensive project to modernize PBS computer resources by introducing office automation technology and replacing 1972-vintage data processing equipment and software. STRIDE automates all aspects of real property management in compliance with the Cabinet Council on Management and Administration mandate to develop and maintain a comprehensive property management information system.

Development of Office Automation software applications will be essentially completed in FY 1986, at which time development of major information systems applications will begin and continue through completion in FY 1988. The FY 1987 budget request includes funding for systems development as well as continued operation of the existing information system. Additional FY 1987 funding for PBS ADP Support is requested in the Real Property Operations activity.

PROGRAM DIRECTION (Continued)

(Dollars in Thousands)

B. Explanation of Changes FY 1986 vs. FY 1987.

The Fiscal Year 1987 program level of $57,090 thousand for this activity finances personnel-related costs of 406 FTE workyears associated with management, administration and supervision of Federal Buildings Fund programs; as well as costs of centralized services and ADP support.

1. Program Changes (None).

2. Other Changes ($1,609 thousand):

a. An increase of $1,538 thousand for increased costs due to inflation. This increase provides for costs related to on-going contractual services, ADP support, and the purchase of supplies and materials.

b. An increase of $120 thousand under the Centralized Services function. This increase is required for charges for Unemployment Compensation ($120 thousand).

c. An increase of $69 thousand for employee compensation related to the full-year cost of restoration of proposed FY 1986 five percent pay reduction.

d. A decrease of $118 thousand related to a reduction in grades GS/GM-11-15 in accordance with Administration direction.

PROGRAM DIRECTION (Continued)

(Dollars in Thousands)

The following table reflects the total support financed in the Program Direction activity. Workyears shown for Real Estate and Real Property Operations relate to FY 1985 only. These functions were transfered to other budget activities in FY 1986.

	FY 1985		FY 1986		FY 1987	
	Work-years	Amount	Work-years	Amount	Work-years	Amount
Subactivity						
Real Estate	808	$30,806	-0-	-0-	-0-	-0-
Real Property Operations	500	20,074	-0-	-0-	-0-	-0-
Overall Direction	367	16,278	406	$18,235	406	$19,611
Centralized Services	-0-	15,140	-0-	17,346	-0-	17,579
ADP Support	-0-	35,250	-0-	19,900	-0-	19,900
TOTAL	1,675	117,548	406	55,481	406	57,090

CHANGES IN PROGRAM DIRECTION FY 1986 vs FY 1987

(Dollars in Thousands)

FY 1986 ESTIMATE	$55,481
INCREASES:	
1. Inflationary increases for costs related to on-going contractual services, ADP support, and the purchase of supplies and materials.	1,538
2. Inflationary increases for Unemployment Compensation charges.	120
3. Increase to provide for full-year cost of restoration of proposed FY 1986 five percent pay reduction.	69
DECREASES:	
1. Reduction of GS/GM-11-15 in accordance with Administration direction.	-118
FY 1987 ESTIMATE:	$57,090
Recapitulation	
Total Increases	$1,727
Total Decreases	-118
Net Increases/Decreases	$1,609

General Services Administration
REIMBURSABLE PROGRAM
(Dollars in Thousands)

	Work-years	Amount
1986 Level of Reimbursable Services....................	2,247	$532,130
Estimated, 1987..	1,259	$518,678
Change from 1986 to 1987..............................	-988	-$13,452

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1987

	REIMBURSABLE OBLIGATIONS						INCREASES or DECREASES (-) for FY 1987					
	FY 1985		FY 1986		FY 1987		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Space Adjustments......	729	$ 109,849	359	$196,588	234	$193,975	-125	-$ 2,613	-125	-$9, 932	0	$7,319
2. Protection	947	97,479	724	106,006	324	95,242	-400	-10,764	-400	-15,216	0	4,452
3. Utilities and Fuels	0	83,421	0	112,534	0	108,560	0	-3,974	0	-3,974	0	0
4. Maintenance......	486	23,376	353	44,593	212	40,636	-141	-3,957	-141	-5,830	0	1,873
5. Cleaning.........	385	15,212	483	19,736	211	13,162	-272	-6,574	-272	-7,403	0	829
6. Other Reimbursable Services	107	22,390	122	20,269	102	18,930	-20	-1,339	-20	-3,891	0	2,552
7. Outleasing.......	0	102	0	504	0	591	0	87	0	13	0	74
8. Design and Construction Services:												
a. Reimb. Work Auth.	160	119,151	173	31,900	148	47,582	-25	15,682	-25	15,682	0	0
*b. Transfer Projects	30	(2,277)	33	(1,500)	28	(1,603)	-5	(103)	-5	(103)	0	0
TOTAL...............	2,844	$470,980	2,247	$532,130	1,259	$518,678	-988	-$13,452	-988	-$30,551	0	$17,099

*Non-Add - Reimbursable Design and Construction Services costs associated with Transfer projects are charged directly to the benefiting transfer project and are not reflected as a part of the obligations of this activity.

REIMBURSABLE PROGRAM
(Dollars in Thousands)

FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
2,844	$470,980	2,247	$532,130	1,259	$518,678	-988	-$13,452	-988	-$30,551	-0-	$17,099

BACKGROUND

GSA furnishes its tenant agencies with space and services commensurate with those commonly offered in the commercial sector. In return, agencies are assessed a rent based upon the amount of GSA-controlled space that they occupy. When requested by a tenant, GSA will also provide, on a reimbursable basis, a full range of building services which exceed those standard or commercially-equivalent levels provided under the base rental charge. Such reimbursable services include: space adjustments; guarding and protection; utilities needed for above-standard levels of operations; janitorial and other services provided over the standard level; professional architect/engineer services related to other agency construcion programs; interior design work requested by other agencies; and the cost associated with GSA's outleasing program for leased space. These reimbursable requirements often occur when occupant agencies must respond to cyclical workload and/or the agency's mission necessitates a multi-shift operation. GSA accomodates these requirements, as would a building owner in the private sector, by billing the tenant for an amount in addition to the basic rental fee to recover the added costs incurred in furnishing the supplemental service(s). In this way, one of the fundamental objectives of the Federal Buildings Fund is served by associating all costs of building space and services with the program and Government generating the requirement.

The reimbursable program allows GSA to be fully responsive to the special needs of Federal agencies, the public and other occupants in Government-owned and leased space under GSA control by furnishing a full range of reimbursable services in a prompt and expeditious manner.

JUSTIFICATION

A. HIGHLIGHT. FY 1987 limitation estimates reflect the need to meet changes in the volume of client agency requests for special services. In FY 1987, GSA will no longer be providing reimbursable services at the National Security Agency (NSA) facility in Ft. Meade, MD. All GSA FTE ceiling associated with this operation will be transfered to NSA, which will perform all operational functions within this facility.

B. EXPLANATION OF CHANGES, FY 1986 VS FY 1987.

1. Program Changes: (-$30,551 thousand and -988 workyears.

a. An increase of $18,316 thousand for changes in reimbursable service requirements. This increase reflects net changes in occupant agency requirements for reimbursable construction projects ($15,106 thousand), space adjustments (-$1,882 thousand), protection ($816 thousand), utilities and fuels ($3,595 thousand), maintenance ($263 thousand), and cleaning ($418 thousand).

b. An increase of $13 thousand for advertising, broker and appraiser fees associated with the outleasing of leased space.

c. A decrease of $45,054 thousand and 940 FTE workyears as a result of the transfer of operational functions at the NSA facility, Ft. Meade, MD. The release of this building space will offset FTE and cost escalations in cleaning ($7,821 thousand and 272 FTE), utilities and fuel ($7,569 thousand), maintenance ($5,114 and 123 FTE), space adjustments($5,203 and 125 FTE), other building services ($3,314 and 20 FTE) and protection ($16,033 and 400 FTE).

d. A decrease of $3,826 thousand and 48 FTE workyears for productivity improvements and other operational efficiencies. This decrease will result from improved work methods and expanded use of private contractors and other operational efficiencies to be achieved through implementation of the provisions of OMB Circular A76. It includes a reduction of 30 FTE workyears that will be realized from the increased use of private contractors for the delivery of reimbursable design and construction services, and 18 FTE workyears that will be achieved in other reimbursable service areas.

2. Other Changes: ($17,099 thousand).

An increase of $17,099 thousand is provided for inflationary increases. This increase is necessary to offset the effects of inflation on payments made by GSA and its contractors for labor and materials essential to the accomplishment of reimbursable space adjustments ($7,319 thousand), protection ($4,452 thousand), maintenance ($1,873 thousand), cleaning ($829 thousand), other reimbursable services ($2,552 thousand), and outleasing of leased space ($74 thousand).

The following exhibits contain further information regarding the Reimbursable Program:

Exhibit 80-1	Digest of Budget Estimates by Activities, FY 1987
Exhibit 80-2	Summary of Changes, FY 1986 - FY 1987

344

EXHIBIT 80-2

REIMBURSABLE PROGRAM
Summary of Changes
FY 1986-FY 1987
(Dollars in Thousands)

	Work-Years	Amount
FY 1986 LEVEL	2,247	$532,130
NSA Functional Transfer	-940	-45,054
Other Workload Changes	-48	14,503
Inflationary Increases	0	17,099
FY 1987 REQUEST	1,259	$518,678

BLANK PAGE

TUESDAY, MARCH 11, 1986

INFORMATION RESOURCES MANAGEMENT SERVICE

WITNESSES

RAYMOND A. FONTAINE, COMPTROLLER

FRANK J. CARR, COMMISSIONER

DR. BERNARD BENNINGTON, DEPUTY COMMISSIONER FOR TELECOMMUNICATIONS

FRANCIS McDONOUGH, DEPUTY COMMISSIONER FOR FEDERAL INFORMATION RESOURCES MANAGEMENT

MARGARET NEUSTADT, EXECUTIVE DIRECTOR

LEONARD YONKLER, DEPUTY COMMISSIONER FOR CENTRAL INFORMATION SERVICES

Mr. ROYBAL. Next is the Information Resources Management Service. Please proceed in any manner you would like.

Mr. FONTAINE. Mr. Chairman, let me introduce Frank Carr, the Commissioner of the Information Resources Management Service. He will submit a statement and introduce his colleagues and then will be prepared to answer your questions.

Mr. ROYBAL. Please proceed.

Mr. CARR. Mr. Chairman, I would like to introduce some members of my staff. Dr. Ben Bennington, who is responsible for the Office of Telecommunications Services; Mr. Frank McDonough, who is responsible for the Government-wide oversight activities that we have; and Mr. Len Yonkler of the Office of Central Information Services, who is responsible for our ADP-related activities, and Mrs. Margaret Neustadt, my Executive Director.

I have a statement which I will submit for the record.

I will submit my statement for the record.

Mr. ROYBAL. Without objection, it will be so ordered.

[Statement follows:]

STATEMENT BY MR. FRANK J. CARR
COMMISSIONER, INFORMATION RESOURCES MANAGEMENT SERVICE
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
OF THE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. Chairman, I appreciate this opportunity to present the FY 1987 budget request for GSA's Information Resources Management Service (IRMS) before this subcommittee. I am accompanied by three Deputy Commissioners, Dr. Bernard Bennington for the Office of Telecommunications, Mr. Francis McDonough for the Office of Federal Information Resources Management, Mr. Leonard Yonkler for the Office of Central Information Services, and by the Executive Director, IRMS, Mrs. Margaret Neustadt.

We in GSA's Information Resources Management Service (IRMS) are responsible for insuring that the management, procurement, and utilization of Information Resources by Federal agencies is accomplished in the most efficient and cost effective manner. I would like to describe to you some of the ways we are carrying out our responsibilities.

GSA has recently initiated a new program designed to improve the acquisition of ADP and telecommunications by Federal agencies. This program has been designated the "Go for 12" program to indicate the goal of developing and institutionalizing procedures for conducting and concluding typical IRM acquisitions within a 12 month period. The "Go for 12" program has three separate projects leading to improvements in IRM acquisition. The three project areas are: the elimination of unnecessary bottlenecks in the acquisition process, the potential for parallel review and approval of acquisition actions, and the provision of specialized training in ADP and telecommunications acquisitions for both IRM officials and contracting officers. Four agencies (Agriculture, Health and Human Services, Navy, and NASA) are participating with GSA in this major effort at improving our acquisition procedures. The major upheavals that have shaken the telecommunications industry in recent years culminating with the divestiture by AT&T of its regional Bell operating companies have created both problems and opportunities for GSA and Federal agencies. The major opportunity has been to replace the Federal Government's aging telecommunications facilities with more effective technology at lower costs through competitive procurements.

GSA's project to replace the current Federal Telecommunications System (FTS) will modernize GSA telecommunications, providing for more than just voice traffic, and will reduce costs by taking full advantage of today's competitive marketplace. This project, called FTS 2000, will better serve the needs of its users by offering a wider range of services and features than currently available from FTS. It will also assure the continued aggregation of Government telecommunications requirements and the resulting natural economies of scale. Finally, it will place greater reliance on the private sector and reduce the need for additional Government employment while fully protecting the Government's interests.

The Washington Interagency Telecommunications System (WITS) will be a competitively procured, digital telecommunications system which will replace the current sole sourced telephone system for the Federal Government in the Washington, D.C. metropolitan area. It will serve 250,000 users in over 100 agencies with modern voice and local data communications services at a cost reduction of approximately 25%.

The Aggregate Switch Procurement (ASP) program is the consolidation of several telecommunications system replacements into an aggregated procurement action to accelerate the procurement process. It involves the competitive replacement of 420 systems in Regions 1 through 10 by the end of 1987. Savings for FY 1986 have been projected at $6 million and a $1 million savings has actually been achieved for the first quarter. The first ASP for the New England area for 23 systems was awarded on March 1, 1985. Total life cycle savings over nine years are estimated to be $20 million, or 30% of current costs. Nine systems have been cut-over and all 23 will be completed by July 1986. The ASP for the Kansas City area is in the bid evaluation process. All other ASP program Requests for Proposal (RFP) are scheduled to be issued by the end of 1986.

Not all of GSA's projects fall in the multi-million dollar category, but they are important to us. One is the Computer Support of the Handicapped Program which has grown rapidly the past year. Detailed technical support for established computer accommodation projects is now being provided to five agencies in addition to GSA. Over the past six months specific information on computer hardware and software for handicapped employees has been disseminated in response to over 100 inquiries. On an ongoing basis, information is exchanged with industry and colleges and universities that are also working on computer accommodation for handicapped workers.

Our internal GSA shared resource computing and data communications services have been refined to accommodate the workload changes associated with management initiatives and reorganizations of major GSA users. A onetime cost avoidance in excess of $100,000 has resulted from reconfiguring and relocating information processing resources. Recurring savings estimated at $590,000 annually will be realized as a result of cost reductions in SLUC/RENT, supplies, and hardware.

We have restructured our regional operations into zones and reduced the requirement to maintain an Assistant Regional Administrator for IRMS in all 11 regional offices. Through the regional IRMS reorganization, application of staffing standards, and the discontinuance of services that are no longer cost effective, we can anticipate further economies and increased productivity.

Our request for Budget Authority for Operating Expenses, IRMS, is $30,653,000 for Fiscal Year 1987. This is an increase of $576,000 from our authorized level for FY 1986. This amount includes increases as follows:

$ 106,000	program growth in the Information Security Oversight Office;
$ 510,000	increase due to inflation;
$ 221,000	for increase in SLUC/RENT on current space;
$ 31,000	for the full-year impact of the 5% pay restoration;
$ 540,000	for internal IRMS office automation and ADP equipment modernization and upgrade.

These increases total $1,408,000 and are partially offset by a decrease of $162,000 for administrative savings and one-time projects and $670,000 and 14 FTE workyears as a result a reorganization and consolidation of regional operations.

We are requesting no increase in Budget Authority for the Automatic Data Processing Fund or the Federal Telecommunications Fund. We will be happy to answer any questions you may have on our Budget Requests.

BUDGET INCREASES AND DECREASES

Mr. **Roybal**. Mr. Carr, I see that your budget for 1987 reflects an increase of over $1.9 million. Why is that increase necessary?

Mr. **Carr**. The 1986 continuing resolution gave us a budget authority of $30 million. The Gramm-Rudman-Hollings reductions redued that to $28,707,000 with no reduction in FTE.

Our request for FY 1987 is $30,653,000, which is made up of a number of adjustments. One is an increase of $77,000. It reflects an internal transfer from the GM&A account to IRMS. There is a request for restoration of the Gramm-Rudman-Hollings reduction of $1,293,000.

The net change from the adjusted 1986 budget is actually a reduction of 14 FTE and an increase of $576,000.

Mr. **Roybal**. What you are actually doing is restoring the Gramm-Rudman reduction?

Mr. **Carr**. The principal impact is the restoration of the reduction, yes. The other adjustments have to do with the increase in the SLUC and inflationary factors.

Mr. **Roybal**. I notice that almost every Agency that has come before this Committee has that particular increase. And my question to myself is why go through the Gramm-Rudman exercise in futility if it is going to be restored anyway?

Mr. **Fontaine**. The GSA budget as you see it here today meets the Administration's Gramm-Rudman targets for 1987, although you do have some restoration of that 4.3 percent throughout every account.

Mr. **Roybal**. I suppose there are increases in some and decreases in others?

Mr. **Fontaine**. There has been some shifting around in various accounts.

Mr. **Early**. There are a lot of reductions in those instances.

Mr. **Roybal**. But it is still over?

Mr. Early: By $5 million for the Agency, yes, sir.

Mr. **Roybal**. This Committee is going to be faced with the problem of deciding whether that increase should be granted or not? If it is not, what will be the result? Suppose we did not grant that increase of $1.9 million for this Service. What will happen?

Mr. **Carr**. I think you really have to look at the net impact we have on total Government operations. Literally if you take the cost reductions that we are able to achieve in the procurement of ADP or telecommunication services, for every dollar that is in the operating expenses budget, there is about a $30,000 savings to the Federal Government.

Actually if you go back to the 1985 appropriation, we had an approved budget of $33,348,000, whereas our actual came in almost $2 million below that.

We are constantly trying to work to do the job we have to do at the lowest possible cost. We are constantly trying to reduce our costs. While the increase is there, it is relatively small compared first to the total budget, and second in terms of the total savings to the Government that are achieved by the Service.

ADP EQUIPMENT ACQUISITIONS AND SHARING

Mr. ROYBAL. Let us take a look at what you do with the coordination of various activities. To what extent does GSA coordinate acquisition and sharing of ADP equipment throughout the Government?

Mr. CARR. Acquisition and sharing is a very, very old program that we have. It actually started before the Brooks Act, which gave us the authorities in ADP procurement. The objective of this program is to encourage agencies to share ADP resources wherever possible.

Frank McDonough is responsible for that program.

Mr. MCDONOUGH. The sharing program last year, Mr. Chairman, resulted in about $29 million in estimated savings for the Government. In the ADP equipment acquisition area the Federal Government procures up to $2 billion of computers a year. Through our efforts we see discounts of about 30 percent in 80 percent of those procurements. So the stakes are very high in the acquisition area relative to our Government wide policies.

Mr Roybal. Existing resources are actually being utilized?

Mr. MCDONOUGH. Yes, sir.

Mr. ROYBAL. And that results in the savings that you are alluding to?

Mr. MCDONOUGH. Yes. The idea is to utilize the resources we have before requesting more.

AUTOMATIC DATA PROCESSING FUND

Mr. ROYBAL. Now, specifically how does this service inter-relate with the automatic data processing fund? Basically how does that fund work?

Mr. CARR. The fund is set up to recover the costs of various programs. The services provided to agencies by those programs are paid for by the agencies. If I can take as an example the Agency's contract for remote computer services, we have a program which we call the Teleprocessing Services Program. In this program we enter into contracts with 20 to 30 separate companies.

When the agencies use those remote computing services, the bill for the services comes to and is paid by GSA. We get a volume discount on top of a fairly significant discount from commercial prices for being the central billing point. We in turn bill the agencies. So the cost, that is, the money that we pay the vendors against their invoices, is then reimbursed to us by the agencies. This way, the fund is maintained at its full capitalization.

AUTOMATIC DATA PROCESSING EQUIPMENT

Mr. ROYBAL. To go back to the ADP equipment, what kind of equipment do you have? Do you have state of the art equipment, the very best that you can get? What is the situation?

Mr. CARR. When you ask what kind of equipment we have, I tend to think in terms of the total Federal Government. We have everything you can imagine.

Mr. ROYBAL. But is it the best?

Mr. **Carr**. We have some older equipment, older than we ought to have. Mr. McDonough is responsible for the problem of trying to deal with computer obsolescence. I would like him to explain to you what we are doing.

Mr. **McDonough**. This year, Mr. Chairman, we finished a very interesting study on computer equipment and usage in the country, not just the Government, but the universities and Fortune 500 companies—a good cross section of companies. The average age of the computers is one way of describing the issue you have raised, and the average age of all the computers in the country is about seven years.

We then compared the computers in the Government to what is being used in the private sector. The average age in the Government is nine years, a little more than nine years. We have some new computers currently in a lot of facilities, but in general ours are a little bit older than those being used in the private sector by a little more than two years.

Mr. **Roybal**. But you do not have computers constantly breaking down or tremendous problems,do you?

Mr. **McDonough**. No, we do not. So the question is why do we replace them?

Mr. **Roybal**. Right.

Mr. **McDonough**. We find that when you consider the costs associated with running a computer, space, heat, power, etc., it is often cheaper to replace the old computer. In many cases, too, more people are required to operate the older, larger computers.

Then there are cases where an old computer has got a life of 10, 15, or 20 years. A number of them are still in operation, so it is sort of on a case by case basis.

Mr. **Roybal**. Mr. Akaka.

FEDERAL TELECOMMUNICATIONS

Mr. **Akaka**. Thank you very much, Mr. Chairman.

Commissioner Carr, your plans to modernize the Federal telecommunications system seems to be a big job. And it is interesting to me because you mentioned that there are 420 systems in Regions 9 and 10. And you expect competitive replacements to be completed by the end of 1987.

I also see here where your first completion was 23 systems in the New England area and 23 to be completed by July 1986. And my question is, is it realistic to finish it by 1987?

Mr. **Carr**. I think the first date you have is the date that we would complete the award of the contracts, not the date that the equipment will all be installed. The implementation would take a year to two years beyond that.

Mr. **Akaka**. I see.

Mr. **Carr**. But 1987 is the date of the last award.

Mr. **Akaka**. Of those 420, is Hawaii included in this? Do you know?

Mr. **Carr**. Yes. It is covered by the program in Region 9.

Mr. **Akaka**. Do you know how many systems there are in Hawaii?

Mr. CARR. No, I do not.

Mr. AKAKA. How is this competitive replacement process being determined? Is it by region, by municipality?

Mr. CARR. It is really being done by geographic region. This program actually started back in about 1976 or 1977. What we were doing was replacing one system at a time. When about 60 or 70 replacements had been completed, we found out that we were really falling behind, that doing them one at a time was not going to keep up with the systems becoming obsolete.

Then we moved to the idea of aggregating on a geographic basis. So the aggregation is pretty much being done on a regional basis, New England being the first one.

Mr. AKAKA. From your report here, ASP is destined to save lots of money, I hope.

Mr. CARR. If we can go simply on the basis of Region 1, for example, the New England area, for that particular contract we estimate that our savings will be 30 percent over a nine year life of the system being put in. We will spend 30 percent less than buying those same services from the tariff telephone companies.

We made one simple assumption, that is that over those nine years the tariff itself will not change. That, as you know, simply is not realistic. Tariffs are going on up. So 30 percent is an extremely conservative estimate of what our savings will be. And every action we carry out in the telecommunications areas, individual switches, aggregate switch, circuits, everything we have done, indicates that there are tremendous savings to us in replacing current services with newly competed services.

Mr. AKAKA. I want to commend you for this kind of move in saving our Government money.

Mr. CARR. Thank you.

Mr. AKAKA. Thank you very much, Mr. Chairman.

Mr. ROYBAL. Thank you, Mr. Akaka. Mr. Carr, what is the overall condition of Federal telecommunications and what functions do you perform in this area?

Mr. CARR. I will submit a paper on this for the record.

Mr. ROYBAL. That will be fine.

[The information follows:]

FEDERAL TELECOMMUNICATIONS

We would first like to address GSA's Federal telecommunications functions. GSA has broad telecommunications responsibilities. The assignment of these responsibilities lies within public law, particularly in the Federal Property and Administrative Services Act of 1949 and the Act as amended in 1961, executive orders, and interagency agreements. In summary, GSA has exclusive responsibility (with some exceptions) in the area of telecommunications to do the following:

. regulate policies and methods of procurement and supply of communications services and equipment;

. manage communications services;

. provide and operate common-use communications facilities serving more than one agency;

. procure and supply communications services and equipment;

. negotiate contracts for communications services for periods not to exceed 10 years;

. represent agencies before Federal and state regulatory bodies;

. develop and operate a common-user voice and data system for emergency use and for day-to-day use by the civilian agencies; and

. ensure that Federally owned and managed communications facilities and services meet national security, emergency preparedness, continuity of Government, security, and privacy requirements of civilian agencies.

The exceptions to GSA's exclusive responsibility include certain quasi governmental agencies, such as the U.S. Postal Service and the Tennessee Valley Authority. Certain agencies, such as the Central Intelligence Agency, are accorded special treatment. Although the legislation originally encompassed the Department of Defense (DOD), all responsibilities described above, insofar as they affected DOD, were delegated to the Department of Defense by GSA in the late 1950's.

From GSA's basic responsibilities, the agency's mission can be seen to be twofold:

. a service mission; and

. an oversight mission.

To date, the program has been embodied in two major efforts: first, the provision of direct communications services, such as the voice and data communications service to the civilian agencies (the FTS); and second, the promulgation of regulations, standards, and policies.

The FTS, as currently configured, is a nationwide telecommunications system managed by GSA to provide long distance and local services to Government agencies. It serves the contiguous United States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands. Established in 1961 to serve the civilian agencies of the Federal Government on a day-to-day basis and during emergencies, service began in 1963. Within the FTS program, a separate effort exists to provide secure telephone services to agencies. This is termed the Federal Secure Telephone System (FSTS). Until recently, GSA also provided message switching services to agencies through its Advanced Record System, a data network covering the United States. This was transferred to the Veterans Administration (VA), as the VA had become the dominant user.

In addition to services, GSA has fulfilled its oversight missions in the areas of regulation and standardization. GSA's promulgation of regulations has centered around three main bodies of regulations--Federal Information Resources Management Regulations (FIRMR) 201-37, 201-35, and Temporary Regulation 51. FIRMR 201-37 prescribes the policies and practices concerning the management, ordering, and use of telecommunications services and equipment by executive agencies. This was expanded by FIRMR Temporary Regulation 51 on July 3, 1979, which prescribed the policy to require Federal agencies to seek maximum practicable competition. FIRMR 201-35.3 provides Governmentwide security management guidance for the protection of telecommunications systems and facilities, and FIRMR 201.35.17 informs the agencies of rules and procedures concerning telecommunications as defined by the Privacy Act of 1974.

In the area of telecommunications standards, GSA works through the National Communications System (NCS) to help assure interoperability of the NCS networks.

Concerning the overall condition of Federal telecommunications, there is no single answer, as telecommunications are broadly distributed and needs are met in many ways. The FTS that we operate as a service to agencies encompasses less than 15 percent of the overall telecommunications budget of the Federal Government. Its condition is a good indication of the condition of the other major dedicated common user networks, such as the AUTOVON network of the DOD. The FTS is an aged network whose architecture and technology are basically out of date. The network cannot provide high speed data services that agencies are increasingly demanding, it cannot provide the detailed management information needed by subscribers to better manage their costs, the quality of service is degraded due to the aging of the basic technology and the general problems of managing multi-vendor networks in the post divestiture world, and, finally, its cost advantage which was so great during the 1970's (we saved our users more than $1.25 billion in that decade) is disappearing. Our forecasts have shown that the system as currently constructed will, to all intents and purposes, be obsolete by 1990, and we have had in place for several years a high priority, two pronged program to respond to this:

1) a program of incremental reduction of cost and improvement of quality to extend the life of the current system, and,

2) a complete replacement program for the long distance service (FTS2000) and the local service (the ASP and WITS programs).

These programs are crucial, as 1.3 million civilian employees of the Federal Government, more than two-thirds of the work force, depend upon this system for day-to-day communication.

The other major dedicated networks, such as AUTOVON of the DOD, are in similar circumstances and undergoing similar replacement programs.

Outside of the dedicated networks mentioned above, the Government meets its telecommunications needs in a variety of ways. There are many dedicated small data networks, such as the SSADARS network of the Social Security Administration. These vary from recently implemented, state-of-the-art systems, to old systems, such as the telecommunications system supporting air traffic control at the Federal Aviation Administration, that are being replaced. There are also many users of the public network for voice and low speed data and these services represent the best currently available in the marketplace. Finally, there is a mixed bag of systems and services varying from radio communication for special purposes to dedicated high speed data channels between computers. The condition of these covers the whole spectrum from obsolete to up-to-date.

TELECOMMUNICATIONS SAVINGS

Mr. **Roybal**. Also, please provide for the record a paper explaining how you expect to reduce overall costs to the Government and what you expect those savings to be in 1987.

Mr. **Carr**. We will be happy to do that.

[The information follows:]

Telecommunications Savings

We have no data concerning the exact magnitude of Government-wide savings in telecommunications to be expected in 1987 as a result of our oversight role. In the area of direct provision of services the FTS continues to be a source of Government savings, albeit not as great as during the 1970's. During the fiscal years 1980 through 1985 the savings over published commercial alternatives were as follows:

Year savings (millions): 1980, $224.4; 1981, $241.1; 1982, $152.2; 1983, $173.8; 1984, $168.6; 1985, $129.1.

These savings have been largely a result of aggressive pursuit of competition for our local switches and for our long distance trunk circuits. The projected savings in FY 1987 over published alternatives will be $166.6 million. Our replacement programs, FTS2000, ASP, and WITS, will be sources of further dramatic savings. Our first ASP program is under implementation in Region 1 with the replacement contract showing savings of $20 million over the ten year life of the replacement system in comparison to the existing system. We expect this order of magnitude of 30% additional savings to be reflected in all future ASP program awards. Estimates for expected annual cost reductions due to the future FTS2000 project are approximately $100 million. These estimates are being supported by industry in their discussions with us concerning the procurement. In summary, GSA's history in providing telecommunications services has been one of more communication for less money, and our recent history has shown that we have dealt effectively with the uncertainties of divestiture and deregulation to the Government's advantage. The major replacement programs will continue this cost reduction effort and in addition bring state-of-the-art, high quality communications to our subscribers by 1990.

Mr. **Roybal**. Thank you. Mr. Carr, I would like to thank you and your colleagues for your presentation this morning. And we will take it under advisement.

Mr. **Carr**. Thank you, Mr. Chairman.

Mr. **Roybal**. The meeting is adjourned. We will insert the Justifications in the record at this point.

[The justifications follow:]

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

ANALYSIS OF AUTHORIZED LEVEL FOR 1987
(Dollars in Thousands)

	Permanent Positions	Work-years	Amount
1986 Level Authorized by the Continuing Resolution, Public Law 99-190...	499	499	$30,000
Adjustment:			
Functional transfer from S&E, General Management and Administration...	1	1	77
1986 Revised..	500	500	$30,077
Estimated 1987..	486	486	$30,653
Changes from 1986 to 1987...	-14	-14	$576

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987

	Appropriation						Increase or Decrease (-) for 1987					
	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
1. Federal Information Resources Management.....................	122	$7,751	119	$7,410	118	$7,457	-1	$47	-1	-$40	-	$87
2. Central Information Services..	30	4,503	32	4,044	31	4,140	-1	96	-1	-74	-	170
3. Information Resources Procurement....................	88	4,535	94	4,698	93	4,686	-1	-12	-1	-40	-	28
4. Regional Information Services.	152	7,681	147	7,048	138	7,102	-9	54	-9	-409	-	463
5. GSA Information Systems.......	71	6,484	93	6,160	91	6,444	-2	284	-2	-107	-	391
6. Information Security Oversight	11	619	15	717	15	824	-	107	-	106	-	1
Total..........................	474	$31,573	500	$30,077	486	$30,653	-14	$576	-14	- $564	-	$1,140
Permanent Positions	475		500		486		-14		-14		-	

261

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SUMMARY OF BUDGET AUTHORITY
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted/Requested Budget Authority............................	$33,422	$30,077	$30,653
Reductions of Budget Authority pursuant to P.L. 99-177........	-	1,293	-
Total Budget Authority..	$33,422	$28,784	$30,653

SUMMARY JUSTIFICATION OF FY 1987 BUDGET ESTIMATES

Direct obligational authority of $30,653,000 is requested for FY 1987, an increase of $576,000 from the level authorized for FY 1986. The increased funding requirements from FY 1986 consist of increases of $221,000 for SLUC/Rent increases for current space, $510,000 due to inflation, $31,000 for the full-year impact of the 5% pay restoration, $540,000 for internal IRMS office automation and ADP equipment modernization and upgrade, and $106,000 for program growth in the Information Security Oversight Office. These increases are partially offset by decreases of $670,000 and 14 FTE workyears in savings from a reorganization and consolidation of regional operations and $162,000 in administrative savings and one-time projects.

BLANK PAGE

BLANK PAGE

BLANK PAGE

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Federal Information Resources Management		Central Information Services		Information Resources Procurement		Regional Information Services		GSA Information Systems		Information Security Oversight		Total	
	Wy's	Amount	Wy's	Amount	Wy's	Amount	Wy's	Amount	Wy's	Amount	Wy's	Amount	Wy's	Amount
Program Changes:														
INCREASES:														
A. Growth of Information Security Oversight Office	-	-	-	-	-	-	-	-	-	-	-	$106	-	$106
DECREASES:														
A. Savings from reorganization and consolidation of regional operations..................	-1	-$40	-1	-$74	-1	-$40	-9	-$409	-2	-$107	-	-	-14	-$670
Total, Program Changes	-1	-$40	-1	-$74	-1	-$40	-9	-$409	-2	-$107	-	$106	-14	-$564
Other Changes:														
INCREASES:														
A. Impact of inflation	-	$103	-	$154	-	$35	-	$77	-	$140	-	$1	-	$510
B. SLUC/Rent Increase, Current space	-	56	-	15	-	41	-	73	-	36	-	-	-	221
C. Full-year impact of 5% Pay Restoration	-	9	-	2	-	6	-	8	-	6	-	-	-	31
D. Office automation and ADP equipment modernization	-	7	-	12	-	7	-	305	-	209	-	-	-	540
DECREASES:														
A. Administrative savings and one-time projects	-	-88	-	-13	-	-61	-	-	-	-	-	-	-	-162
Total, Other Changes	-	$87	-	$170	-	$28	-	$463	-	$391	-	$1	-	$1,140
TOTAL CHANGES, 1986 to 1987	-1	$47	-1	$96	-1	-$12	-9	$54	-2	$284	-	$107	-14	$576

263

FEDERAL INFORMATION RESOURCES MANAGEMENT
(Dollars in Thousands)

	1985 Actual		1986 Program		1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	117	$7,433	114	$7,139	114	$7,213	-	$74	-	-	-	$74
Prorated Amount of Service Direction	5	318	5	271	4	244	-1	-27	-1	-$40	-	13
Total Resources	122	$7,751	119	$7,410	118	$7,457	-1	$47	-1	-$40	-	$87

BACKGROUND

The Office of Federal Information Resources Management develops, plans, and directs Government-wide programs governing the management and acquisition of federal information resources; develops and monitors Government-wide policies and regulations relative to the acquisition, management, and use of information resources; plans, directs, and develops policies and regulations for improving Federal records and information management programs; and provides reimburseable technical assistance to Federal agencies on records and information problems.

JUSTIFICATION

The basic goal of the Office of Federal Information Resources Management is to improve Government operations by supporting Federal managers in the use of modern ADP and telecommunications technology and current records and information management practices. This goal will be accomplished by establishing a coordinated Government-wide management system which will integrate the regulatory and service programs of the GSA with the programmatic needs of agencies and with the equipment and service offerings of the information and technology marketplace.

Explanation of Changes, FY 1986 vs FY 1987

Program Changes. Includes decrease of $40,000 and 1 FTE as a result of savings from the consolidation and reorganization of regional operations.

Other Changes. Includes increases of $103,000 for inflation, $56,000 for SLUC/Rent increases, $7,000 for office automation equipment modernization and upgrade, and $9,000 for the 5% pay restoration, with an offsetting decrease of $88,000 for administrative savings and one-time projects.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

Federal Information Resources Management

Workload Factors	1985 Actual	1986 Program	1987 Estimate	% Change
Information Resources Management Policy				
a. Policy/Regulatory Development Actions Completed	70	70	70	-
b. ADP/Telecommunications Cases Reviewed				
(1) ADP Equipment Cases	395	400	400	-
(2) Telecommunications Cases	356	400	400	-
c. Number of Vendor protests to GSA Board of Contract Appeals	72	150	175	16.7%
d. Procurement Management Reviews	3	3	3	-
e. IRM Process Review	-	-	11	-
f. Standards Committee Assignments	9	10	10	-
Office Information Systems				
a. Standard Form Requests Reviewed	249	200	200	-
b. Interagency Reports Reviewed	59	60	60	-
c. Handbook Pages Produced	71	100	100	-
d. Inspection Reports Issued	4	3	3	-
e. Standards and Guidelines Issued	6	3	3	-

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

FEDERAL INFORMATION RESOURCES MANAGEMENT

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - $4,720,000- For 110 permanent and 114 total workyears.

12 Personnel Benefits - $529,000 - Includes $323,000 for direct contribution to retirement fund, $116,000 for health benefits, $12,000 for group insurance, $65,000 for FICA, and $13,000 for payments to the Employees Compensation Fund.

13 Benefits for Former Personnel - $5,000 - Provides $5,000 for benefits to former employees.

21 Travel and Transportation of Persons - $58,000 - Includes $57,000 for about 200 days of travel in connection with participation in Standards Committees, Central Office management activities, and travel associated with training. Includes $1,000 for motor pool travel.

23.1 Standard Level User Charge - $380,000 - Provides $380,000 for payments to the Federal Buildings Fund for rental of office space.

23.3 Communications/Utilities/misc. charges - $155,000- Includes $93,000 for telephone service, $31,000 for office machine rentals and depreciation of furniture and equipment, and $31,000 for postage and fees.

24 Printing and Reproduction - $275,000 - Provides $80,000 for printing for the Federal Register and Code of Federal Regulations; $65,000 for electrostatic copying, photographic services and other recurring printing requirements and related distribution charges; $130,000 for printing regulations, directives, and standards.

25 Other Services - $379,000 - Includes $58,000 for payment to commercial contractors and other Government agencies for training, $20,000 for payment to other GSA funds for course development, $40,000 for payments for reimbursable work authorizations, $80,000 in payments to the ADP Fund for technical support, and $181,000 in payments for technical services contracts and other regulatory and policy studies.

26 Supplies and Materials - $66,000 - Includes $20,000 for office supplies and $46,000 for technical publications.

31 Equipment - $646,000 - Provides $646,000 for administrative and office automation equipment and peripherals.

Excludes prorated amount of Service Direction. See Service Direction for explanation of Distribution by Objects.

CENTRAL INFORMATION SERVICES
(Dollars in Thousands)

	1985 Actual		1986 Program		1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	21	$3,919	23	$3,547	23	$3,694	-	$147	-	-	-	$147
Prorated Amount of Service Direction	9	584	9	497	8	446	-1	-51	-1	-$74	-	23
Total Resources	30	$4,503	32	$4,044	31	$4,140	-1	$96	-1	-$74	-	$170

BACKGROUND

The Office of Central Information Services manages and directs the provision of data and information systems and services for use by IRMS, the Federal community, and the general public; operates the Office of Software Development and Information Technology, which conducts programs in the improvement of government-wide software; and provides near-term planning, applied research and development, engineering, operation, and management of the Federal Telecommunications System (FTS).

JUSTIFICATION

The basic goal of the Office of Central Information Services is to encourage the application of information technology to improve operating effectiveness, achieve cost reduction economies and increase the productivity of Government personnel to maximize the return on investment of U.S. tax dollars. This Office manages the Federal Conversion Support Center, the Federal Software Testing Center, and the Federal IRM Planning Support Program; develops and operates data and information systems for IRMS; and manages Government-wide Information Systems such as the Federal Procurement Data Center, Automated Data Processing Equipment/Data System (ADPE/DS), and the Federal Assistance Program Retrieval System (FAPRS).

Explanation of Changes, FY 1986 vs FY 1987

Program Changes. Includes decrease of $74,000 and 1 FTE as a result of savings from the consolidation and reorganization of regional operations.

Other Changes. Includes increases of $154,000 for inflation, $15,000 for SLUC/Rent increases, $12,000 for office automation equipment modernization and upgrade, $2,000 for the 5% pay restoration, with an offsetting decrease of $13,000 for administrative savings and one-time projects.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

CENTRAL INFORMATION SERVICES

Workload Factors	1985 Actual	1986 Program	1987 Estimate	% Change
Office of Information Services				
a. ADP Equipment System Request Processed (ADPE/DS)......	250	350	450	28.6

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - $924,000 - for 20 permanent and 23 total workyears.

12 Personnel Benefits - $106,000- Includes $63,000 for direct contributions to the retirement fund; $19,000 for health benefits; $2,000 for group life insurance; $11,000 for reimbursements to Employees Compensation Fund, and $11,000 for FICA.

13 Benefits for Former Personnel - $1,000 - Provides $1,000 for benefits to former employees.

21 Travel and Transportation of Persons - $14,000 - Provides $14,000 for approximately 50 days of travel required to perform technological and advisory services to Government agencies.

23.1 Standard Level User Charge - $58,000 - Provides $58,0000 for payments to the Federal Buildings Fund for rental of office space.

23.3 Communications/Utilities/misc. charges - $34,000 - Includes $20,000 for communications; $6,000 for postage; and $8,000 for equipment rental.

24 Printing - $ 165,000 - Includes $151,000 for printing technical standards and reports; and $14,000 for reproduction services.

25 Other Services - $1,984,000 - Includes $50,000 for payments to commercial contractors and other Government agencies for employee development and training, $528,000 for commercial contracts to provide reviews, surveys and studies of ADP technology and its utilization, $1,406,000 in payments to the Federal Data Processing Centers and the Teleprocessing Services Program in the ADP Fund for support and services.

26 Supplies and Materials - $4,000 - Includes $2,000 for general operating supplies, and $2,000 for technical publications.

31 Equipment - $404,000 - Provides $404,000 for administrative and office automation equipment and peripherals.

Excludes prorated amount of Service Direction.
See Service Direction for Explanation of Distribution by Object.

BLANK PAGE

BLANK PAGE

BLANK PAGE

INFORMATION RESOURCES PROCUREMENT
(Dollars in Thousands)

	1985 Actual		1986 Program		1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	83	$4,217	89	$4,427	89	$4,442	-	$15	-	-	-	$15
Prorated Amount [illegible] Direction	5	318	5	271	4	244	-1	-27	-1	-$40	-	13
Total Resources	88	$4,535	94	$4,698	93	$4,686	-1	-$12	-1	-$40	-	$28

BACKGROUND

The Office of Information Resources Procurement provides for the overall management, control, and coordination of Government-wide programs and activities relating to the procurement of ADP and telecommunications equipment, software, maintenance, and related supplies and services; the implementation of Government-wide ADP resources sharing programs; and the management of reimbursable ADP and telecommunications procurement programs financed through the Automatic Data Processing (ADP) Fund and the Federal Telecommunications (FT) Fund.

JUSTIFICATION

The basic goal of the Office of Information Resources Procurement is to improve Government operations by providing the most economical and efficient methods for the procurement of information technology products and services for the Federal Government. In addition to supporting the procurement programs financed through the ADP and FT Funds, this office is responsible for three other procurement programs. Through its Systems and Services program, the Office procures ADP systems, equipment, and services for the internal use of GSA. The Multiple Award Schedules program, with a dollar volume of over $2.2 billion in FY 1985, provides contractual vehicles for use by other agencies in the acquisition of ADP and telecommunications equipment, software, services, and maintenance from over 1000 vendors in the private sector. Finally, the Office Technology Plus program offers Federal Government agencies a one-stop, walk-in shopping approach to obtaining cost effective office technology equipment and services, price and other factors considered.

Explanation of Changes 1986 vs 1987

Program Changes. Includes decreases of $40,000 and 1 FTE as a result of savings from the consolidation and reorganization of regional operations.

Other Changes. Includes increases of $35,000 for inflation, $41,000 for SLUC/Rent increases, $7,000 for office automation equipment modernization and upgrade, $6,000 for the 5% pay restoration, with an offsetting decrease of $61,000 for administrative savings and one-time projects.

369

INFORMATION RESOURCES PROCUREMENT

Workload Factors	1985 Actual	1986 Program	1987 Estimate	% Change
a. Communications Procurement Requests.............	16	22	8 1/	-63.6
b. Procurements for agencies				
1. Multiple Award Schedule Contracts				
ADP Equipment - Systems and Accessories......	600	735	750	2.0
Teleprocessing Services Program	42	46	46	-
Communications (Class 58).....................	400	375	400	6.7
c. Procurements for GSA & Program Management				
1. Number of Contracts Administered................	175	187	196	4.8
2. New Contracts...................................	800	829	854	3.0
3. New Program Services Contracts..................	9	9	9	-
d. Office Technology Plus				
1. Volume of Business ($000)......................	36,400	40,000	50,000	25.0

1/ Numbers of small procurements are being consolidated into packages.

INFORMATION RESOURCES PROCUREMENT

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - $3,031,000 - For 84 permanent and 89 total workyears.

12 Personnel Benefits - $342,000 - Includes $207,000 for direct contributions to the retirement fund, $62,000 for health benefits, $7,000 for group insurance, $32,000 for payments to the Employees Compensation Fund, and $34,000 for FICA.

13 Benefits for Former Personnel - $3,000 - Provides $3,000 for benefits to former employees.

21 Travel and Transportation - $ 10,000- Includes $9,000 for approximately 30 days of travel in connection with procurement functions, review of agency requirements, central office management activities, and travel associated with training. Includes $1,000 for motorpool travel.

23.1 Standard Level User Charge - $260,000 - Provides $260,0000 for payments to the Federal Buildings Fund for rental of office space.

23.3 Communications/Utilities/misc. charges - $ 171,000 - Includes $84,000 for telephone service, $30,000 for office machine rentals, $32,000 for postage, and $25,000 for depreciation of furniture and equipment.

24 Printing and Reproduction - $ 99,000 - Provides $20,000 for general use printing; $16,000 for printing solicitations, terms & conditions, ADP Schedules, and special notices; and $63,000 for electrostatic copying, photographic services, and related distribution charges.

25 Other Services - $90,000 - Includes $14,000 for payments to commercial contractors for technical training; $50,000 to the ADP Fund for procurement support provided through FEDSIM; $4,000 to other Government agencies for security investigations; $17,000 to GSA funds for training; and $5,000 is for office equipment maintenance and other commercial contract costs.

26 Supplies and Materials - $ 17,000 - Includes $ 5,000 for office supplies; and $12,000 for technical publications.

31 Equipment - $419,000 - Provides $419,000 for office automation and administrative equipment.

Excludes prorated amount of Service Direction.
See Service Direction for explanation of Distribution by Objects.

REGIONAL INFORMATION SERVICES
(Dollars in Thousands)

	1985 Actual		1986 Program		1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	104	$4,445	96	$4,293	96	$4,626	-	$333	-	-	-	$333
Prorated Amount of Service Direction	48	3,236	51	2,755	42	2,476	-9	-279	-9	-$409	-	130
Total Resources	152	$7,681	147	$7,048	138	$7,102	-9	$54	-9	-$409	-	$463

BACKGROUND

The Office of Regional Information Services provides the focal point for IRMS regional activities; provides for the overall management, control, and coordination of Government-wide programs and activities relating to the operation, maintenance, and utilization of local telecommunications equipment and services; provides for the management of reimbursable programs financed through the Federal Telecommunications Fund; and provides assistance to the public through the Federal Information Centers.

JUSTIFICATION

The basic goal of the Office of Regional Information Services is to adhere to high standards of customer service in the operation of GSA local service voice and data communications systems, and the Federal Information Centers Program. This Office is responsible for establishing procedures, reviewing and implementing operational policies, and defining standards for the acquisition and implementation of GSA local service telecommunications systems in the voice, record, and COMSEC programs as well as operation of the nationwide Federal Information Centers.

Explanation of Changes 1986 vs 1987

Program Changes. Includes decrease of $409,000 and 9 FTE as a result of savings from the consolidation and reorganization of regional operations.

Other Changes. Includes increases of $77,000 for inflation, $73,000 for SLUC/Rent increases, $305,000 for office automation and ADP equipment modernization and upgrade, and $8,000 for the 5% pay restoration.

Workload Factors	1985 Actual	1986 Program	1987 Estimate	% Change
Number of Public Inquiries (millions)......................	3.0	3.0	3.0	-

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses, (Direct Only)

REGIONAL INFORMATION SERVICES

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing -$2,367,000 - for 95 permanent and 96 total workyears.

12 Personnel Benefits - $318,000 - Include $162,000 for direct contributions to retirement fund, $69,000 for health benefits, $7,000 for group life insurance, $39,000 for FICA, $22,000 for living allowance, and $19,000 for Employees Compensation Fund.

13 Benefits for Former Personnel - $25,000 - Provides $25,000 for benefits to former employees.

21 Travel and Transportation of Persons - $23,000 - Includes $22,000 for approximately 80 days of travel associated with FIC's. Includes $1,000 for motor pool travel.

23.1 Standard Level User Charge - $250,000 - Provides $250,0000 for payments to the Federal Buildings Fund for rental of office space.

23.3 Communications/Utilities/misc. charges - $ 589,000 - Includes $540,000 communictions costs including WATS and tie lines, $9,000 for rental of equipment, and $40,000 for postage.

24 Printing - $ 11,000 - Includes $1,000 for general use printing, $1,000 for copier reproduction, and $9,030 for printing of FIC directories.

25 Other Services - $99,000 - Includes $19,000 for employee development and training, $14,000 for Public Service advertising and literature distribution, $45,000 for commercial contracts, $15,000 for maintenance of equipment and $6,000 for payments to the ADP Fund for data processing services.

26 Supplies and Materials -$80,000- Includes $55,000 for general operating and office supplies and $25,000 for reference publications.

31 Equipment - $864,000 - Includes $864,000 for Administrative equipment and office automation equipment necessary for maintenance of FIC data base.

Excludes prorated amount of service direction. See Service Direction explanation of distribution by object class.

GSA INFORMATION SYSTEMS
(Dollars in Thousands)

	1985 Actual		1986 Program		1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	58	$5,635	80	$5,438	80	$5,795	-	$357	-	-	-	$357
Prorated Amount of Service Direction	13	849	13	722	11	649	-2	-73	-2	-$107	-	34
Total Resources	71	$6,484	93	$6,160	91	$6,444	-2	$284	-2	-$107	-	$391

BACKGROUND

The Office of GSA Information Systems develops and oversees GSA policy concerning the acquisition. development, and use of automated information systems, equipment, and facilities within the guidelines established by the Executive Steering Committee for Information Resources Management; ensures that the GSA ADP Strategic Plan is kept current by GSA organizational components, and that initiatives undertaken by these organizations are consistent with the Plan; develops and enforces standards and procedures to be used by GSA organizations in the Central and regional offices in the acquisition, development, and use of automated information systems, equipment, and facilities; provides assistance and support to GSA organizations whose level of ADP activity does not warrant a full-time ADP staff, or to those who require support of a special nature; and manages internal common use ADP and data communications facilities.

JUSTIFICATION

The basic goals of this office are to upgrade computer resources to achieve technological enhancements; to increase the efficiency of systems and programming support; to implement automated information planning support to Services and Staff Offices; to increase personal computer support through the Microcomputer User Support Center (MUSC); and to improve office automation applications support.

Explanation of Changes 1986 vs 1987

Program Changes. Includes decrease of $107,000 and 2 FTE as a result of savings from the consolidation and reorganization of regional operations.

Other Changes. Includes increases of $140,000 for inflation, $36,000 for SLUC/Rent increases, $209,000 for office automation and ADP equipment modernization and upgrade, and $6,000 for the 5% pay restoration.

GSA INFORMATION SYSTEMS

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - $ 2,993,000- For 78 permanent and 80 total workyears.

12 Personnel Benefits - $334,000 - Includes $205,000 for direct contribution to retirement fund, $73,000 for health benefits, $8,000 for group life insurance, $41,000 for FICA, and $7,000 for payments to the Employees Compensation Fund.

13 Benefits for Former Personnel - $2,000 - Provides $2,000 for benefits to former employees.

21 Travel and Transportation of Persons - $27,000 - Includes $27,000 for travel in connection with overseeing the acquisition, development, and use of automated information systems, equipment and facilities.

23.1 Standard Level User Charge - $162,000 - Provides $162,0000 for payments to the Federal Buildings Fund for rental of office space.

23.3 Communications/Utilities/misc. charges - $ 229,000 - Includes $45,000 for telephone service, $130,000 for ADP equipment rentals, $32,000 for depreciation of furniture and equipment, and $22,000 for postage.

24 Printing and Reproduction - $49,000 - Provides $15,000 for general use printing, and $34,000 for electrostatic copying, photographic services and other recurring printing requirements and related distribution charges.

25 Other Services - $ 175,000 - Includes $27,000 for payments to commercial contractors and other Government agencies for technical training, $48,000 for office equipment maintenance, and $100,000 for payments to FEDSIM for post implementation reviews.

26 Supplies and Materials - $19,000 - Includes $14,000 for office supplies, $4,000 for technical publications, and $1,000 for ADP operating supplies.

31 Equipment - $ 1,805,000 - Includes $1,805,000 for ADP, office automation and administrative equipment.

Excludes prorated amount of Service Direction. See Service Direction for explanation of Distribution by Objects.

275

INFORMATION SECURITY OVERSIGHT OFFICE
(Dollars in Thousands)

	1985 Actual		1986 Program		1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program Activity	11	$619	15	$717	15	$824	-	$107	-	$106	-	$1
Total Resources	11	$619	15	$717	15	$824	-	$107	-	$106	-	$1

BACKGROUND
Executive Order 12356 established a system for all Executive Agencies to follow when classifying, handling and declassifying National security information. The order assigned to the Information Security Oversight Office the responsibility for overseeing agency compliance with the provisions of the Order.

JUSTIFICATION

The Office provides oversight for the information security program established by Executive Order 12356. This involves monitoring the information security programs of approximately 80 executive branch agencies. Major responsibilities include the conduct of on-site reviews and the development and promulgation of directives necessary for implementation of the order. The Oversight Office establishes requirements for reports from agencies, analyses data received together with data collected from on-site reviews, and advises agencies about any deficiencies and violations. The Office reports annually to the President on the state of the program throughout the Executive Branch. In FY 1986 and 1987, ISOO inspections will be limited to one formal compliance inspection per year in each agency and major subordinate elements. In lieu of additional inspections, ISOO will conduct a series of special projects and studies on specific information security subjects. The FY 1987 request increases by $106,000 in order to meet increased responsibilities placed on this office by the National Security Council derive from the recent increase in the number and seriousness of cases of espionage against the United States.

Explanation of Changes, FY 1986 vs. 1987

Program Changes. Includes increase of $106,000 for program growth.

Other Changes. Includes increase of $1,000 for inflation.

Workload Factors	1985 Actual	1986 Program	1987 Estimate	% Change
Agency Inspections..	110	150	200	33.3
Review of Agency Regulations................................	160	200	220	10.0
Suggestions, Complaints, Informal Investigations...........	125	145	175	20.7
Statistical Reports Reviewed................................	160	170	190	11.8
Special Projects and Studies................................	13	15	25	66.6
Training and Educational Activities.........................	85	120	145	20.8

INFORMATION SECURITY OVERSIGHT OFFICE

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - $ 572,000- For 15 permanent and total workyears.

12 Personnel Benefits - $ 72,000 - Includes $40,000 for direct contribution to retirement fund, $16,000 for health benefits, $2,000 for group life insurance, $9,000 for FICA, and $5,000 for the Employee Compensation Fund.

21 Travel and Transportation of Persons - $13,000 - Includes $13,000 for approximately 40 days of travel in connection with conducting on-site reviews of information security programs of executive branch agencies.

23.3 Communications/Utilities/misc. charges - $ 37,000- Includes $5,000 for telephone service, $1,000 for depreciation of furniture and equipment, and $31,000 for postage.

24 Printing and Reproduction - $16,000 - Provides $1,000 for general use printing, and $15,000 for electrostatic copying, photographic services and other recurring printing requirements and related distribution charges.

25 Other Services - $ 81,000 - Includes $10,000 to other Government agencies for training and security investigations, $5,000 in payments to other GSA funds for training development, $66,000 for other commercial contracts.

26 Supplies and Materials - $ 1,000 - Includes $1,000 for office supplies and technical publications.

31 Equipment - $32,000 - Includes $32,000 for office automation and administrative equipment.

Excludes prorated amount of Service Direction. See Service Direction for explanation of Distribution by Objects.

277

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

	1985 Actual		1986 Program		1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Service Direction												
Distribution by Program:												
1. Federal Inform. Resources Mgmt.	5	$318	5	$271	4	$244	-1	-$27	-1	-$40	-	$13
2. Central Inform. Services	9	584	9	497	8	446	-1	-51	-1	-74	-	23
3. Inform. Resources Procurement	5	318	5	271	4	244	-1	-27	-1	-40	-	13
4. Regional Information Services	48	3,236	51	2,755	42	2,476	-9	-279	-9	-409	-	130
5. GSA Information Systems	13	849	13	722	11	649	-2	-73	-2	-107	-	34
6. Inform. Security Oversight	-	-	-	-	-	-	-	-	-	-	-	-
Total	80	$5,305	83	$4,516	69	$4,059	-14	-$457	-14	-$670	-	$213

BACKGROUND

Provides for the overall direction and coordination of comprehensive Government-wide programs for the management, procurement, and utilization of automatic data processing, telecommunications, and office information equipment and services; development and coordination of Government-wide policies, procedures and regulations pertaining to ADP, telecommunications, and office information systems acquisition, management and utilization; establishment of Government-wide automated data processing standards; information services to the public; and provides the overall management of operations financed through the Automatic Data Processing (ADP) and the Federal Telecommunications (FT) Funds, which are designed to provide specialized services to agencies in each of these fields. The magnitude of programs supported is as follows:

Program Costs ($000)	1985	1986	1987
1. Operating Expenses, IRMS			
Direct	$ 26,268	$ 25,561	$ 26,394
Reimbursable	19,878	21,447	22,517
2. Automatic Data Processing Fund	226,381	299,684	334,565
3. Federal Telecommunications Fund	704,759	746,711	756,349
Total Programs	$ 977,286	$1,093,403	$1,140,025
Service Direction	5,305	4,516	4,059
Percent (%) Service Direction to Total Programs	.54%	.41%	.36%

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

JUSTIFICATION

During 1985 the Information Resources Management Service (IRMS) effected cost avoidances of approximately $1,011.5 million in its various programs as follows:

Program	Estimated Cost Avoidances ($M)
1. Assistance to Federal Agencies in Procurement of ADP Equipment	$ 328.0
2. Improved Terms and Conditions Amendments of ADP Contracts Negotiated by GSA	425.0
3. Teleprocessing Services Program	16.2
4. Sharing of ADP Resources	24.5
5. Contract Services Program	35.7
6. Renewal work on existing software systems	24.6
7. Redistribution of Excess ADP Equipment	10.1
8. Federal Computer evaluation and Simulation Center	.5
9. Microcomputer User Support Center (MUSC)	.1
Subtotal ADP Programs	$ 864.7
10. FTS Intercity Service	126.5
11. Circuit Procurement Program - Other Agencies	1.8
12. Intervention in Communication Rate Cases	13.2
13. Competitive Procurement of Telecommunications	3.2
14. Purchase of Telephone Services (POTS) Contracts	2.1
Subtotal FT Programs	146.8
Total IRMS Programs	$1,011.5

Explanation of Changes 1986 vs 1987

Program Changes. Includes decrease of $670,000 and 14 FTE as a result of savings from the consolidation and reorganization of regional operations.

Other Changes. Includes increases of $31,000 for inflation, $66,000 for SLUC/Rent increases, $110,000 for office automation equipment modernization and upgrade, and $6,000 for the 5% pay restoration.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SERVICE DIRECTION

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing -$2,634,300 - For 67 permanent and 69 total workyears.

12 Personnel Benefits - $305,000 - Includes $180,000 for direct contribution to the retirement fund, $64,000 for health benefits, $8,000 for group life insurance, $46,000 for FICA, and $7,000 for the Employee Compensation Fund.

13 Benefits for Former Personnel - $4,000 - Provides $4,000 for benefits to former employees.

21 Travel and Transportation of Persons - $50,000 - Includes $45,000 for approximately 150 days travel in connection with regional administration, Central Office management activities, travel associated with training, and $5,000 for motor pool.

23.1 Standard Level User Charge - $324,000 - Provides $324,0000 for payments to the Federal Buildings Fund for rental of office space.

23.3 Communications/Utilities/misc. charges - $ 228,000 - Includes $152,000 for local and intercity communications services, $33,000 for postage, and $43,000 for office machine rental and depreciation of furniture and equipment.

24 Printing and Reproduction - $53,000 - Provides $10,000 for general use printing, and $43,000 for electrostatic copying, photographic services, and related distribution charges.

25 Other Services - $250,000 - Includes $17,000 for payments to commercial contractors and other Government agencies for training, $26,000 in payments to other Government agencies for health services and security investigations, $45,000 in payments to FBF for reimbursable work authorizations, $24,000 for the Management Communications Network, $36,000 in payments for office equipment maintenance, $50,000 for payments to the ADP Fund for a technical services contract, and $52,000 common distributable costs paid centrally.

26 Supplies and Materials - $26,000 - Includes $19,000 for office supplies, and $7,000 for periodicals and technical publications.

31 Equipment - $185,000 - Includes $185,000 for ADP, office automation and administrative equipment.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Direct Only)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	Actual 1985	Program 1986	Request 1987	Increases for 1987		
				Total	Program	Other
Managerial	23	23	19	-4	-4	-
Engineers	4	4	4	-	-	-
Analysts	142	151	145	-6	-6	-
Computer Specialists	112	119	119	-	-	-
Contract Specialists	88	94	94	-	-	-
Secretarial/Clerical	87	92	88	-4	-4	-
Sub-Total	456	483	469	-14	-14	-
Part-time and Temporary Average Employment	18	17	17	-	-	-
Total	474	500	486	-14	-14	-

GENERAL SERVICES ADMINISTRATION

[OFFICE OF] INFORMATION RESOURCES MANAGEMENT SERVICE

OPERATING EXPENSES

For expenses authorized by law, not otherwise provided for, necessary for carrying out Government-wide and internal responsibilities relating to automated data management, telecommunications, information resources management, and related activities, including services as authorized by 5 U.S.C. 3109; and for the Information Security Oversight Office established pursuant to Executive Order 12356; [$30,000,000] $30,653,000.

Note: A regular 1986 appropriation for this account had not been enacted at the time this budget was prepared. A continuing resolution (Public Law 99-190) provides funds to the extent and in the manner provided for in the conference version of H. R. 3036, Treasury, Postal Service and General Government Appropriations Act, 1986, as amended by Public Law 99-190.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Reimbursable Only)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work-years	Amount
1986 Level of reimbursable services........................	303	303	$ 21,447
1987 Level of reimbursable services........................	298	298	22,517
Change from 1985 to 1986....................................	-5	-5	$ 1,070

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987

	Reimbursable Obligations						Increase or Decrease (-) for 1987					
	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Agency Liaison Officer Program...	-	$27	-	$90	-	$90	-	-	-	-	-	-
Office of Information Systems....	-	1	-	92	-	92	-	-	-	-	-	-
GSA Information Systems..........	256	19,850	303	21,265	298	22,335	-5	$1,070	-5	-$858	-	$1,928
Total Reimbursable	256	$19,878	303	$21,447	298	$22,517	-5	$1,070	-5	-$858	-	$1,928
Permanent Positions	256		303		298		-5		-5		-	

SUMMARY JUSTIFICATION OF FY 87 BUDGET ESTIMATES

Current reimbursements in OE, IRMS consist of three operating areas. The first two are under the Office of Federal Information Resources Management: (1) the Agency Liaison Office Program and (2) The Office of Information Systems Program. The Agency Liaison Office Program request for FY 1987 is $90,000, representing no increase over FY 1986. The Office of Information Systems Program request for FY 1987 is $92,000 also representing no increase over FY 1986. The third operating area is the Office of GSA Information Systems whose request for FY 1987 is $22,335,000, and represents a net increase of $1,070,000 over FY 1986. Increases include $451,000 for inflation, $676,000 for SLUC/RENT increases, and $801,000 for systems growth due to increased customer service requirements. These increases are partially offset by a decrease of $858,000 and 5 FTE workyears for the Magnuson computer shutdown.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Reimbursable Only)

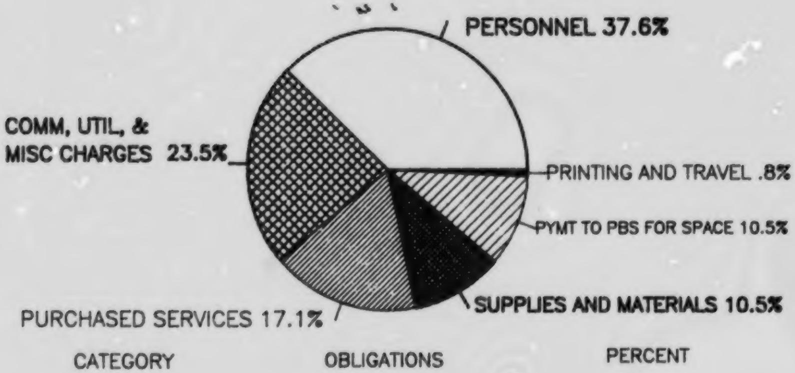
SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Agency Liaison Officer Program		Office Information Systems		GSA Information Systems		Total	
	Wy's	Amount	Wy's	Amount	Wy's	Amount	Wy's	Amount
Program Changes:								
DECREASES:								
A. Shutdown of Magnuson Computer Center............	-	-	-	-	-5	-$858	-5	-$858
Total, Program Changes	-	-	-	-	-5	-$858	-5	-$858
Other Changes:								
INCREASES:								
A. System Growth...............	-	-	-	-	-	$801	-	$801
B. Impact of Inflation........	-	-	-	-	-	451	-	451
C. SLUC/RENT Increase.........	-	-	-	-	-	676	-	676
Total, Other Changes	-	-	-	-	-	$1,928	-	$1,928
TOTAL CHANGES, 1986 to 1987	-	-	-	-	-5	$1,070	-5	$1,070

284

OPERATING EXPENSES (REIMBURSABLE ONLY)
INFORMATION RESOURCES MANAGEMENT SERVICE
FY 1987

OBLIGATIONS BY CATEGORY
TOTAL---$22,517,000



INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Reimbursable Only)

BACKGROUND

FEDERAL INFORMATION RESOURCES MANAGEMENT

The Office of Federal Information Resources Management contains two reimbursable programs:

Agency Liaison Officer Program - The reimbursable travel requirements for the Agency Liaison Officer program for 1987 are estimated at $90,000. The program in 1987 will allow IRMS personnel to continue to perform on a reimbursable basis sustained interagency coordination of policy, regulatory, procedural and technical matters relating to information technology for various Government agencies requesting services.

Office Information Systems - The Office of Office Information Systems conducts on a reimbursable basis workshops at agencies' request to train personnel in records management.

OFFICE OF GSA INFORMATION SYSTEMS

GSA Information Systems - The Office of GSA Information Systems provides on a reimbursable basis ADP, data communications, and technical support services for all GSA organizations which do not maintain full-time ADP staffs. Consistent with OMB Circular A-121, a "chargeback" system has been implemented which recovers costs for computing resources, data communications and systems and programming support.

Explanation of Changes, 1986 vs. 1987

Program Changes. Shutdown of Magnuson computer complex with decrease in funding of $858,000 and 5 FTE.

Other Changes. Increase of $676,000 for SLUC/RENT, $801,000 for systems growth, and $451,000 for inflation.

REIMBURSABLE SERVICES

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.0 Personnel Compensation - $7,524,000 - Provides for 298 workyears.

12.0 Personnel Benefits - $909,000 - $482,000 for direct contribution to the Retirement Fund, $238,000 for health benefits, $79,000 for Medicare costs, $27,000 for FICA, $19,000 for Group Life Insurance, $32,000 for accident compensation, and $32,000 for moving allowances.

13.0 Benefits for former personnel - $32,000 - Provides funds for unemployment compensation and other costs associated with benefits for former personnel.

21.0 Travel and Transportation of Persons - $140,000 - Provides $140,000 for approximately 460 days of travel for the Agency Liaison Officer Program, the Office of GSA Information Systems, and the Office of Office Information Systems.

23.1 Standard Level User Charge - $2,372,000 - Provides $2,372,000 for payments to the Federal Building Fund for SLUC/RENT for controlled environment computer space for the Office of GSA Information Systems.

23.3 Communications/utilities/misc. charges - $5,281,000 - Includes $3,633,000 for rental of operating equipment and software, $1,019,000 for data transmission charges, $326,000 for local and intercity telephone service, $100,000 for postage, $91,000 for administrative equipment, and $112,000 other miscellaneous costs.

24.0 Printing - $44,000 - Provides for general use printing and copying of reports generated.

25.0 Other Services - $3,847,000 - Includes $1,464,000 for data conversion, $170,000 for microfiche, $834,000 for equipment maintenance, $82,000 for commercial, GSA, and interagency training, $7,000 for other contractor payments, $1,130,000 for after-hour utilities, and $160,000 for PCAM maintenance.

26.0 Supplies and Materials - $2,368,000 - Includes $1,163,000 for general operating supplies, $864,000 for special forms, and $341,000 for other supplies.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government Agencies.

INFORMATION RESOURCES MANAGEMENT SERVICE
Operating Expenses (Reimbursable Only)

WORKLOAD FACTORS

Workload Factors	1985 Actual	1986 Program	1987 Estimated	% Change
Office of GSA Information Systems				
a. GSA Internal Shared Computer Resources				
1. Number of job steps executed (000):				
Total	5,798	5,995	6,305	5.2
Magnuson 80/43	87	- 1/	-	-
Burroughs B7800	3,043	3,195	3,355	5.0
Honeywell H/DPS	2,668	2,800	2,950	5.4
2. Honeywell H/DPS Data Communications				
On-line Interactive minutes (000)	9,041	9,493	11,968	26.1
Network Data Characters (millions)	54,949	57,696	66,581	15.4
Memory Use (millions of seconds)	26,400	27,720	39,106	41.1

1/ Magnuson 80/40 ceased operation September 30, 1985

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	Estimate 1985	Program 1986	Request 1987	Increases for 1987		
				Total	Program	Other
Specialists	74	105	110	5	5	-
Computer Operations	130	120	115	-5	-5	-
Analysts	30	55	50	-5	-5	-
Secretarial/Clerical	20	21	21	-	-	-
Subtotal	254	301	296	-5	-5	-
Part-Time and Temporary Average Employment	2	2	2	-	-	-
Total	256	303	298	-5	-5	-

INFORMATION RESOURCES MANAGEMENT SERVICE
Federal Telecommunications Fund

ANALYSIS OF AUTHORIZED LEVEL FOR FY 1987

(Dollars in Thousands)

	Actual FY 1985	Change 85 vs 86	Program FY 1986	Change 86 vs 87	Request FY 1987
A. Income/Cost Comparison-Summary.........					
1. Total Income..........................	$665,598	$75,617	$741,215	$10,738	$751,953
2. Total Expenses........................	667,378	72,057	739,435	12,518	751,953
3. Profit/(Loss).........................	-$1,780	$3,560	$1,780	-$1,780	-
B. Net Outlays...........................	-$3,020	$5,925	$2,905	$ -	$2,905

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987

	OBLIGATIONS						Increase or Decrease (-) for 1987					
	FY 1985		FY 1986		FY 1987		Total changes		Program changes		Other changes	
	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/YRS.	Amount	W/YRS.	Amount	W/YRS.	Amount
1. Operations												
a. Local Service Program...........	923	$220,076	887	$263,190	744	$270,323	-143	$7,133	-143	$610	-	$6,523
b. Intercity Service Program......	108	417,493	120	406,540	135	396,819	15	-7,721	15	12,260	-	-19,981
c. Data Programs....................	52	7,623	60	8,500	60	8,871	-	371	-	-	-	371
d. Special Programs.................	327	28,004	704	32,154	704	40,302	-	8,148	-	8,011	-	137
e. Other Telecommunications Programs.........................	19	18,934	20	23,920	21	25,268	1	1,348	1	1,347	-	1
Subtotal Operations.................	1,429	$692,130	1,791	$732,304	1,664	$741,583	-127	$9,279	-127	$22,228	-	-$12,949
2. Capital Investments.................	-	12,629	-	14,407	-	14,766	-	359	-	359	-	-
Total Obligations...................	1,429	$704,759	1,791	$746,711	1,664	$756,349	-127	$9,638	-127	$22,587	-	-$12,949
Permanent Positions Established (Total).................	1,383		1,733		1,639		-94		-94		-	

INFORMATION RESOURCES MANAGEMENT SERVICE
Federal Telecommunications Fund

SUMMARY EXPLANATION OF CHANGES FROM 1986 to 1987
(Dollars in Thousands)

	Local Program		Intercity Program		Data Program		Special Programs		Other Telecommunications Programs		Capital Investment		Total	
	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount
Program Changes:														
Increases:														
a. Additional telephone lines	-	$3,680	-	-	-	-	-	-	-	-	-	-	-	$3,680
b. Increases for FTS circuitry and facilities..	-	-	-	$20,000	-	-	-	-	-	-	-	-	-	20,000
c. Increase in Network Services initiatives.....	-	-	15	1,360	-	-	-	-	-	-	-	-	15	1,360
d. Increase in circuits and facilities for secure communications systems....	-	-	-	-	-	-	-	$8,011	-	-	-	-	-	8,011
e. Increase use of Telecommunications Technical Services Contracts........	-	-	-	-	-	-	-	-	1	$2,502	-	-	1	2,502
f. Increase in equipment requirements related to current operations........	-	-	-	-	-	-	-	-	-	-	-	$359	-	359
Total Increases...............	-	$3,680	15	$21,360	-	-	-	$8,011	1	$2,502	-	$359	16	$35,912
Decreases:														
a. Reduced personnel costs related to A-76 implementations..........	-67	-1,920	-	-	-	-	-	-	-	-	-	-	-67	-1,920
b. Decrease in Local Service Costs related to program changes	-76	-1,150	-	-	-	-	-	-	-	-	-	-	-76	-1,150
c. Decrease for network reconfiguration and competitive procurement..	-	-	-	-9,100	-	-	-	-	-	-	-	-	-	-9,100
d. Reduced Circuit Procurement Program......	-	-	-	-	-	-	-	-	-	-1,061	-	-	-	-1,061
e. Call Detail Reporting, reduced for one-time costs in FY 1986.........	-	-	-	-	-	-	-	-	-	-94	-	-	-	-94
Total Decreases..............	-143	-$3,070	-	-$9,100	-	-	-	-	-	-$1,155	-	-	-143	-$13,325
Total Program Changes........	-143	$610	15	$12,260	-	-	-	$8,011	1	$1,347	-	$359	-127	$22,587

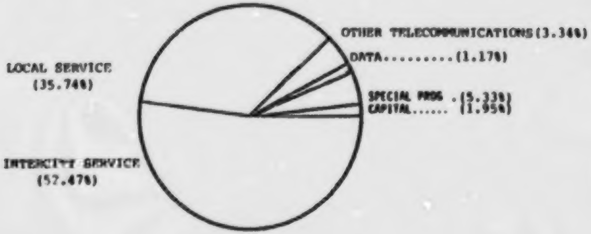
INFORMATION RESOURCES MANAGEMENT SERVICE
Federal Telecommunications Fund

SUMMARY EXPLANATION OF CHANGES FROM 1986 to 1987 (continued)
(Dollars in Thousands)

	Local Program		Intercity Program		Data Program		Special Programs		Other Telecommunications Programs		Capital Investment		Total	
	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount	W/YRS	Amount
Other Changes:														
Increases:														
a. Higher Telephone Rates..	-	$6,367	-	-	-	-	-	-	-	-	-	-	-	$6,367
b. Tariff Increases.........	-	-	-	-	-	$360	-	-	-	-	-	-	-	360
c. Rent Increases...........	-	156	-	$19	-	11	-	$137	-	$1	-	-	-	324
Total Other Increases.......	-	$6,523	-	$19	-	$371	-	$137	-	$1	-	-	-	$7,051
Decreases:														
a. Decrease for US Postal Service discontinued use of FTS	-	-	-	-$16,000	-	-	-	-	-	-	-	-	-	-$16,000
b. Saving from lower FTS tariffs............	-	-	-	-4,000	-	-	-		-	-	-	-	-	-4,000
Total Other Decreases.......	-	-	-	-$20,000	-	-	-	-	-	-	-	-	-	-$20,000
Total Other Changes.........	-	$6,523	-	-$19,981	-	$371	-	$137	-	$1	-	-	-	-$12,949
TOTAL INCREASES OR DECREASES 1986 COMPARED to 1987.......	-143	$7,133	15	-$7,721	-	$371	-	$8,148	1	$1,348	-	$359	-127	$9,638

FEDERAL TELECOMMUNICATIONS FUND

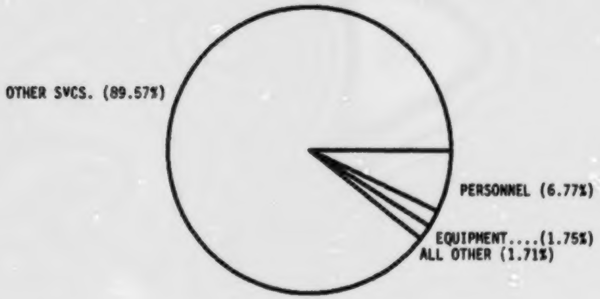
OBLIGATIONS BY PROGRAM
FY 1987



PROGRAM	OBLIGATIONS	PERCENT
LOCAL SERVICE	$270,323,000	35.74
INTERCITY SERVICE	396,919,000	52.47
DATA	8,871,000	1.17
SPECIAL PROGRAMS	40,302,000	5.33
OTHER TELECOMMUNCATIONS	25,268,000	3.34
CAPITAL INVESTMENTS	14,766,000	1.95
TOTALS	$756,349,000	100.00

292

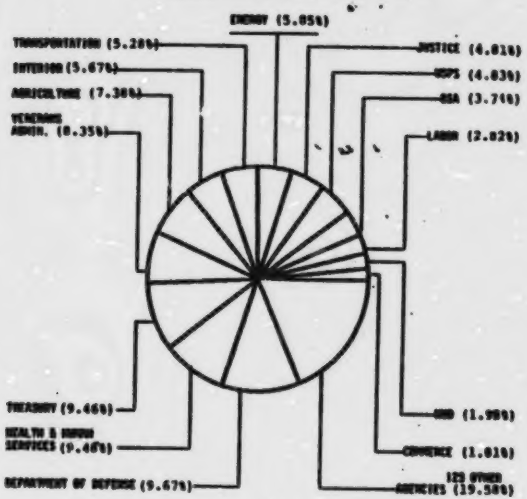
FEDERAL TELECOMMUNICATIONS FUND
OBLIGATIONS BY CATEGORY
FY 1987



CATEGORY	OBLIGATIONS	PERCENT
PERSONNEL	$ 51,216,000	6.77
OTHER SERVICES (PRIMARILY PAYMENTS FOR COMMERCIAL CONTRACTS)	677,433,000	89.57
EQUIPMENT	14,766,000	1.95
ALL OTHER (SUPPLIES, TRAVEL, PRINTING, ETC.)	12,934,000	1.71
TOTAL	$826,371,000	100.00

IRM-32a

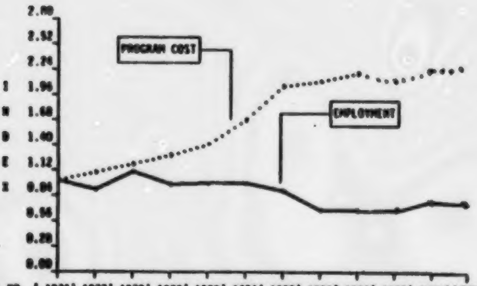
MAJOR CUSTOMERS OF THE FT FUND
BY THEIR PERCENTAGE OF TOTAL FY [illegible] FUND SALES



TOTAL FT FUND SALES
$665,598,000

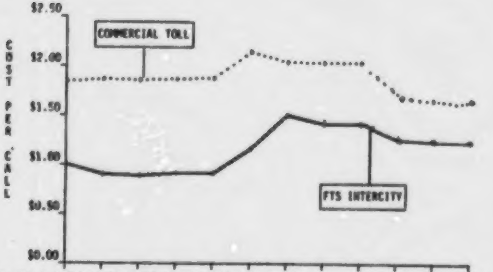
294

FEDERAL TELECOMMUNICATIONS FUND
PROGRAM COST VS. EMPLOYMENT
BASE YEAR 1976 = 1.00



FISCAL YR.	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
PROG. COST	1.00	1.09	1.18	1.28	1.40	1.67	2.06	2.10	2.19	2.14	2.26	2.29
EMPLOYMENT	1.00	0.90	1.10	0.96	0.97	0.97	0.89	0.68	0.68	0.67	0.84	0.78

FEDERAL TELECOMMUNICATIONS FUND
AVERAGE COST PER CALL
FTS VS COMMERICAL TOLL



FISCAL YR.	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
COMMERICAL	$1.84	$1.86	$1.85	$1.86	$1.87	$2.14	$2.04	$2.03	$2.02	$1.70	$1.67	$1.67*
FTS	$1.00	$0.90	$0.89	$0.91	$0.91	$1.16	$1.50	$1.41	$1.41	$1.29	$1.28	$1.26

*Combination of lowest commercial bulk rates (where available) and DDD rates.

296

INFORMATION RESOURCES MANAGEMENT SERVICE
Federal Telecommunications Fund

Summary Justification of FY 1987 Budget Estimates

BACKGROUND

The Federal Telecommunications Fund was authorized by Public Law 87-847, approved October 23, 1962. It finances, on a reimbursable basis, a telecommunications system for the Federal Government which is a major operating component of the National Communications System. Expenses payable from the Fund include personal services, procurement by lease or purchase of equipment and operating facilities (including cryptographic devices), and other costs necessary to operate the system. These expenses are reimbursed from available appropriations and funds of any agency or organization for telecommunications services and facilities made available to them. The initial capital of $9 million appropriated in 1963, was increased by $20 million appropriated in 1977, $5 million appropriated in 1980 and $2.5 million appropriated in 1981. This capital may be increased by donation of supplies and equipment. The basic thrust of all FT Fund programs is to continue to provide cost effective and efficient telecommunications systems and services.

BUDGET PROGRAM

The estimate provides for a continued increase in the volume and quality of communications services provided to executive agencies of the Government. Total sales for 1985 were $665.6 million and are estimated at $741.2 million in 1986 and $752.0 million in 1987.

1. Operations

a. Local Service Program: This program provides local telephone service to executive agencies. GSA has two main objectives for this program. First, this program provides effective and economical local telephone service by operating consolidated telephone systems. Second, GSA uses competitive processes for the procurement of telephone equipment and services to the maximum extent possible. These actions and the economies of scale inherent in large telecommunications sytems enable GSA to realize cost reductions, and therefore provide cost-effective local telephone service to the executive agencies. Requirements will increase obligations from $263.2 million for 1986 to $270.3 million for 1987, an increase of $7.1 million.

b. INTERCITY SERVICE PROGRAM: The Federal Telecommunications System (FTS) intercity network links 1.3 million Federal telephones with each other and with the public direct distance dialing network. The FTS is a telephonic system which enables personnel in each Federal agency to communicate directly with any other agency in the Nation. The system provides day-to-day services and incorporates features which would be necessary in emergency situations. This has resulted in total cost avoidance of $2.7 billion during the 23 year life of this system. In addition, this program finances reimbursable services in support of other agencies' dedicated requirements. FTS intercity calls were 314 million in 1985 and are estimated at 315 million in 1986 and 1987. Reductions of $7.7 million are projected for 1987 because of savings made in the competitive procurement of circuits and facilities; reconfigurations of the FTS network; and reduced tariffs. Total obligations will be $396.8 million for 1987, a decrease of $7.7 million as compared to 1986.

The Intercity Service Program is constantly updated to provide the best service and lower costs. Some of these activities are as follows:

(1) Network Reconfigurations. Network reconfigurations are accomplished by digitalization of access lines and trunks and by use of network modeling. In addition, more effective switching arrangements are being implemented for network use.

Summary Justification of FY 1987 Budget Estimates (Continued)

(2) **OPMODEL System**. The OPMODEL System is a joint DOE-GSA procurement of an integrated satellite broadband telecommunications network encompassing 25 earth stations which support high speed data, document distribution, video teleconferencing and FTS voice services.

(3) **DCTN**. DCS Defense Commercial Telecommunications Network (DCTN) is a new wideband digital service planned by DCA with GSA participation. The GSA pilot phase of the system will involve 11 geographical concentration points and will be operational in 1986 for FTS voice and voice band data with an annual projected savings of $0.75 million.

(4) **PSCN Network**. The Program Support Communications Network (PSCN) is a joint NASA/GSA nationwide satellite-based, state-of-the-art telecommunications system encompassing 16 earth stations. PSCN will help provide more efficient and effective telecommunications services to agencies over its five-year life span, which may be extended.

c. **DATA PROGRAMS**: Provide a common unified data communications system to satisfy data communications requirements of the Federal civil agencies by providing machine-to-machine service for transmission of data by teletypewriter, facsimile, and other transmission media. The program provides data communications services to Federal agencies on an efficient and cost effective basis. Tariff and space increases will increase obligations from $8.5 million for FY 1986 to $8.9 million for FY 1987, an increase of $.4 million.

d. **SPECIAL PROGRAMS**: Provide for effective communications security programs for civil agencies including GSA, in keeping with the objectives of the U.S. communications security plan. In addition, these programs provide a consolidated program of procurement and maintenance of equipment for the continuity of the Federal Telecommunications System in the event that portions of the system are disabled or destroyed. Special Programs consist of three major programs: National Funded Support Service (NFSS), Communication Security (COMSEC), and National Security Emergency Plan (NSEP). The NFSS will be expanded through 1988. Requirements are expected to increase for operations funding in the amount of $4.8 million for 1987, with a total amount projected at $20.8 million. COMSEC will also be expanded in 1987 with new operating requirements of $3.2 million, for a total of $18.8 million. NSEP requirements are projected at $.7 million for 1987. Total Special Programs requirements are projected to require $40.3 million, an increase of $8.1 million over 1986.

(1) **Communications Security and Related non-Security Program (COMSEC)** This program provides the in-place technical expertise, personnel, logistics, and facilities necessary to furnish Federal agencies with secure voice and data communications, except for the National Funded Support Service (NFSS) program services. COMSEC services are provided through special agreements or contracts with agencies at rates enumerated in Federal Property Management Regulation F-130.

(2) **National Funded Support Service (NFSS)**
Provides secure voice communications services to the President, members of Congress, and selected Government agencies, in both CONUS and overseas locations. Costs for these services are billed to the National Security Committee.

(3) **National Security Emergency Plan (NSEP)**
Communication services are provided at designated safety sites for selected GSA personnel in case of a national emergency. The cost of providing this service is reimbursed to the FT Fund.

(4) **Federal Disaster Assistance**
This program provides communications services to geographical areas of the United States that have been declared a disaster by the President. Expenses, except for administrative support, are billed to user agencies. The administrative support is billed to Federal Emergency Management Agency (FEMA). Obligations for this program are not a budgeted item for the FT Fund.

e. OTHER TELECOMMUNICATIONS PROGRAMS: These programs provide for Commercial Toll Calls billed by the telephone companies which are reimbursed by the user agencies; Call Detail Reporting which provides for reporting on long-distance calls placed by all Federal agencies located in the Washington, D.C. metropolitan area; the Circuit Procurement Program which allows Federal,State, and local Government agencies to buy capacity excess to GSA needs acquired through bulk procurement of Instrastate Telecommunications Package (TELPAK) channel; the telecommunications Technical Services Contract Program which makes available to Federal agencies telecommunications systems and design services through contracts with private sector vendors; and other miscellaneous programs such as Teleconferencing and Radio Services. Requirements will increase these programs from $23.9 million in 1986 to $25.2 million in 1987.

2. CAPITAL INVESTMENTS - The capital of this fund is composed of $36.5 million in appropriated capital and $0.3 million donated assets. Appropriated capital for the fund has been provided as follows:

1963	$9.0 million
1977	20.0 million
1980	5.0 million
1981	2.5 million

The capital requirements of the fund are basically twofold: operating cash and capital investments.

a. Operating Cash

Monthly cash flow through the fund is approximately $60 million. Bills received from vendors for telecommunications equipment and services are paid by GSA and the Federal agency customers are billed by GSA. Sufficient operating cash is required to pay the vendors promptly in accordance with the Prompt Payment Act while waiting for receipts from our customers.

b. Capital Investments

Capital is required to provide for the purchase of telecommunications equipment where an initial capital outlay will result in the least cost provision of services and facilities. The FT Fund does not have sufficient capital to purchase all of the telecommunication systems for which purchase is determined to be the most economical method of procurement. Because the capital of the fund is limited, we are in many instances forced to accept a more costly alternative, such as lease. Capital is also required for purchase of communications security and related maintenance equipment in support of a specialized secure communications network for Federal agencies. Capital investments for 1987 are projected at $14.8 million, an increase of $.4 million as compared to 1986.

3. Operating Results and Financial Condition

At the end of 1984, the net investment in the Fund is $35.0 million, composed of $36.5 million in appropriated capital and $0.3 million donated assets less $1.8 million in retained earnings. Following the close of each fiscal year any surplus earnings, after making provision for any prior year losses, are deposited in miscellaneous receipts of the Treasury.

FY 1987 JUSTIFICATION OF ESTIMATES
FEDERAL TELECOMMUNICATIONS FUND

SELECTED WORKLOAD DATA

	1985 Actual	1986 Estimate	1987 Request	Change %
1. Local Service Workload Financed by Reimbursements:				
a. Number of Telephone Lines...................... (Local Service Only)........................	420,000	425,000	430,000	1.2
b. Number of Full Service Systems................	315	315	315	-
c. Competitively Acquired:				
Leased Main Station Lines...................	29,800	38,400	60,000	56.3
Purchased Main Station Lines................	2,700	63,500	-	-
2. Intercity Service Programs Financed By Reimbursement:				
a. Number of Intercity FTS Calls (Millions)......	314	315	315	-
b. Number of Circuits Managed for FTS............	69,674	69,000	65,000	-5.8 1/
c. Number of Intercity Only Systems..............	143	-	-	- 2/
3. Data Programs Workload Financed by Reimbursements: Originated and Terminated Data Traffic				
Page Volume (Millions).......................	280	100	-	- 3/
4. Special Programs Workload Financed by Reimbursements:				
Number of Work Processes Performed	8,000	12,200	17,650	44.7
5. Other Telecommunications Programs Financed by Reimbursements:				
a. Telecommunications Technical Services Contract Financed by Reimbursements				
Number of Contracts.........................	3	3	3	-
Volume of Business ($000)	1,500	7,200	8,300	15.3
b. Circuit Procurement				
Number of Dedicated Circuits.................	307	250	-	- 4/

1/ Reduction caused by consolidation of circuits.
2/ These systems will be phased out by the end of 1986 as they are no longer cost effective.
3/ Decrease caused by agencies acquiring their own data transmission systems.

4/ It is now projected that this program will be phased out by the end of 1987.

INFORMATION RESOURCES MANAGEMENT SERVICE
Federal Telecommunications Fund

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	1985 Actual	1986 Estimate	1987 Estimate	Increase(s) for 1987		
				Total	Program	Other
Managerial	11	11	11	-	-	-
Professionals	315	323	338	15	15	-
Telecommunications Operations	641	660	515	-145	-145	-
Technicians	209	538	545	7	7	-
Clerical	173	210	210	-	-	-
Sub-Total	1,349	1,742	1,619	-123	-123	-
Part-time and Temporary Average Employment	80	49	45	-4	-4	-
Total	1,429	1,791	1,664	-127	-127	

AUTHORIZING LANGUAGE
FEDERAL TELECOMMUNICATIONS FUND

Federal Property and Administrative Services Act of 1949, as amended:

SEC. 110. There is hereby authorized to be established on the books of the Treasury, a Federal telecommunications fund, which shall be available without fiscal year limitation for expenses, including personal services, other costs, and the procurement by lease or purchase of equipment and operating facilities (including cryptographic devices) necessary for the operation of a Federal telecommunications system to provide local and long distance voice, teletype, data, facsimile, and other communication services. There are authorized to be appropriated to said fund such sums as may be required which, together with the value, as determined by the Administrator, of supplies and equipment from time to time transferred to the Administrator under authority of section 205 (f), less any liabilities assumed, shall constitute the capital of the fund: Provided, that said fund shall be credited with (1) advances and reimbursements from available appropriations and funds of any agency (including the General Services Administration), organization, or persons for telecommunication services rendered and facilities made available thereto, at rates determined by the Administrator to approximate the costs thereof met by the fund (including depreciation of equipment, provision for accrued leave, and where appropriate, for terminal liability charges and for amortization of installation costs, but excluding, in the determination of rates prior to the fiscal year 1966, such direct operating expenses as may be directly appropriated for, which expenses may be charged to the fund and covered by advances or reimbursements from such direct appropriations) and (2) refunds or recoveries resulting from operations of the fund, including the net proceeds of disposal of excess or surplus personal property and receipts from carriers and others for loss of or damage to property: Provided further, that following the close of each fiscal year any net income, after making provision for prior year losses, if any, shall be transferred to the Treasury of the United States as miscellaneous receipts.

AUTOMATIC DATA PROCESSING FUND
(Dollars in Thousands)

Income/Cost Comparison and Net Outlay Summary

	Actual FY 1985	Change 85 vs 86	Program FY 1986	Change 86 vs 87	Request FY 1987
A. Income/Cost Comparison Summary					
1. Total Income........	$217,078	$78,896	$295,974	$34,496	$330,470
2. Total Expenses............................	217,130	78,792	295,922	34,548	330,470
3. Profit (Loss).............................	-$52	+$104	$52	-$52	-
B. Net Outlays..................................	-$12,021	$15,731	$3,710	-$1,060	$2,650

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FISCAL YEAR 1987

	OBLIGATIONS						Increase or Decrease (-) for 1987					
	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Total Changes		Program Changes		Other Changes	
	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount	W/Yrs.	Amount
1. Operations												
a. Multiple Award Schedules..	27	$ 60,117	27	$68,844	27	$74,644	-	$5,800	-	$3,000	-	$2,800
b. Federal Data Processing Centers.....................	86	18,189	173	77,213	173	100,463	-	23,250	-	21,650	-	1,600
c. Contract Services Program.	190	147,531	178	147,991	178	153,811	-	5,820	-	-	-	5,820
d. Equipment Lease Program...	1	70	1	117	1	121	-	4	-	-	-	4
e. Excess ADP Equipment Program	7	252	7	219	7	226	-	7	-	-	-	7
Subtotal, Operation	309	$226,159	386	$294,384	386	$329,265	-	$34,881	-	$24,650	-	$10,231
2. Capital Investments Opportunity Buy Program.......	-	$222	-	$5,300	-	$5,300	-	-	-	-	-	-
3. Total Obligations...........	309	$226,381	386	$299,684	386	$334,565	-	$34,881	-	$24,650	-	$10,231
Total Permanent Positions Established	(375)		(375)		(375)		(-)		(-)		(-)	

303

INFORMATION RESOURCES MANAGEMENT SERVICE
Automatic Data Processing Fund

SUMMARY JUSTIFICATION OF FY 1987 ESTIMATES

The total requested program level for FY 1987 provides for a moderate rate of growth and continued improvement in the quality of services provided through each Automatic Data Processing Fund program. Total estimated obligations for 1987 are $334.6 million, an increase of $34.9 million over FY 1986. The increase consists of $24.7 million in growth for services requested by other Federal agencies and $10.2 million due to inflation.

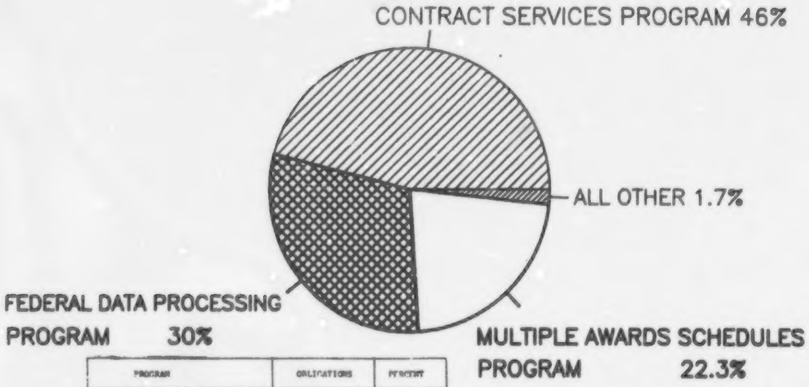
SUMMARY EXPLANATION OF CHANGES FROM 1986 TO 1987
(Dollars in Thousands)

	Multiple Award Sched.		Fed.Data Pro.Centers		Contract Serv.Prog.		Lease Program		Excess Equip.Prog.		TOTAL	
	WYs	Amount	WYs	Amount	WYs	Amount	WYs	Amount	WYs	Amount	WYs	Amount
PROGRAM CHANGES:												
Increase caused by growth in services to Government agencies.....	-	$3,000	-	$21,650	-		-	-	-	-	-	$24,650
Total Program Changes......	-	$3,000	-	$21,650	-		-	-	-	-	-	$24,650
OTHER:												
Increased costs due to inflation...............	-	$2,800	-	$1,600	-	$5,820	-	$4	-	$7	-	$10,231
Total Other Changes........	-	$2,800	-	$1,600	-	$5,820	-	$4	-	$7	-	$10,231
TOTAL CHANGE, 1986 to 1987	-	$5,800	-	$23,250	-	$5,820	-	$4	-	$7	-	$34,881

AUTOMATIC DATA PROCESSING FUND

OBLIGATIONS BY PROGRAM

FY 1987

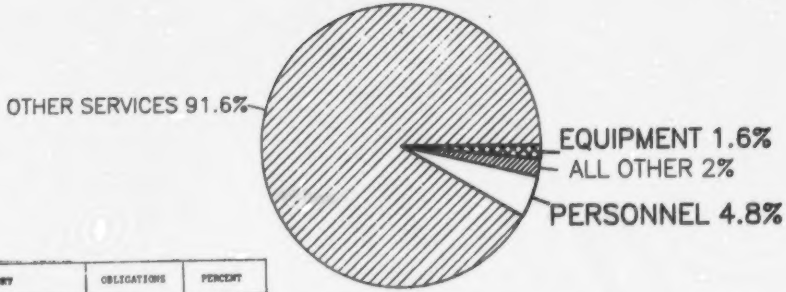


PROGRAM	OBLIGATIONS	PERCENT
Multiple Award Schedules Program	$74,644,000	22.3
Contract Services Program	153,811,000	46.0
Federal Data Processing Centers	100,463,000	30.0
All Other	5,647,000	1.7
Excess ADP Equipment Program	(220,000)	(.07)
Lease Program	(121,000)	(.04)
Opportunity Buy Program	(5,300,000)	(1.59)
TOTAL	$334,565,000	100.0

AUTOMATIC DATA PROCESSING FUND

OBLIGATIONS BY CATEGORY

FY 1987



CATEGORY	OBLIGATIONS	PERCENT
Personnel	$16,126,000	4.8
Other Services (Primarily Commercial Contracts)	306,350,000	91.6
Equipment	5,300,000	1.6
All Other (Supplies, Printing, Travel, etc	6,789,000	2.0
TOTAL	$334,565,000	100.0

306

BACKGROUND

The Automatic Data Processing Fund was authorized by Public Law 89-306 to coordinate and provide for the economic and efficient purchase, lease and maintenance of automatic data processing equipment by Federal agencies. The fund finances on a reimbursable basis a Government-wide automatic data processing operation, including the procurement by lease, purchase, transfer, or otherwise of ADP equipment; maintenance of equipment; procurement, and/or development of software programs with Government-wide applications; and related functions.

BUDGET PROGRAM: The estimate provides for a continued increase in ADP services provided during 1986 and 1987. Sales are estimated to increase from $217.1 million in 1985 to $296.0 million in 1986 and to $330.5 million in 1987.

MULTIPLE AWARD SCHEDULES PROGRAM. This program provides the reimbursable funding and contractual vehicle for Federal agencies to acquire services and equipment from private sector vendors participating in certain GSA multiple award schedule contracts which provide significant savings through volume discounts, aggregated payments, and contract administration. This program is designed to simplify and expedite the procurement process for services by allowing agencies to purchase against already existing GSA multiple award schedule contracts. The funding requirements in FY 1987 are estimated to be $74.6 million, an increase of $5.8 million over FY 1986. This increase is attributable to $3.0 million for growth in services provided to customers and $2.8 million due to inflation.

FEDERAL DATA PROCESSING CENTERS (FDPC's). FDPC's are operated by either GSA or by other agencies under a delegation of authority from the Administrator of GSA. The centers provide a full range of services to all Federal agencies, including consulting assistance and formulation of strategic Federal Information Resource Management (IRM) plans, interactive ADP time-sharing, general purpose software, systems software conversion support, language and software validation requirements, and a system for data collection. GSA is continuing its evaluation of existing and potential Federal data processing centers and whenever economic feasibility and agency requirements justify it, additional FDPC's will be established. The funding requirements in FY 1987 are estimated to be $100.5 million, an increase of $23.3 million over FY 1986. This increase consists of $21.7 million for contractor support to supplement the in-house staff efforts of the Office of Software Development and Technology on behalf of Federal agencies, and $1.6 million due to inflation.

CONTRACT SERVICES PROGRAM (CSP). CSP provides ADP services to Federal agencies through regional contracts with private sector vendors. Services provided include: Systems analysis and programing; systems design and definition of equipment and systems requirements; computer output microfiche production; data conversion services; and office information systems analysis. Contracts are tailored to local market conditions and needs of specific Federal agencies. Overall contract administration, central guidance, and policy direction are provided by GSA. The funding requirements for FY 1987 are estimated to be $153.8 million, an increase of $5.8 million over FY 1986 due to inflation.

EQUIPMENT LEASE PROGRAM. This program finances the multiyear lease of ADP equipment by the ADP Fund for subsequent leaseback to Federal agencies and administers the leaseback of ADP equipment purchased through the Opportunity Buy Program. The funding requirements for FY 1987 are estimated to be $121 thousand, an increase of $4 thousand over FY 1986 due to inflation.

EXCESS ADP EQUIPMENT PROGRAM. This program finances the screening of excess Government-owned ADP equipment and, where there is a known user or high potential for re-utilization, the activities involved with acquiring, reassigning and relocating the equipment with a new user. The funding requirements for 1987 are estimated to be $226 thousand, an increase of $7 thousand over FY 1986 due to inflation.

CAPITAL OUTLAYS. Provides the capital for the purchase of ADP equipment. Purchases are made by the fund when special discounts with time limitations and other arrangements become available, and agencies are unable to take advantage of these cost reduction opportunities due to budget cycle limitations.

OPERATING RESULTS AND FINANCIAL CONDITION. At the end of 1985, the net investment of the fund is $43.2 million, composed of $30.0 million appropriated, $12.9 million donated assets capitalized, and $0.4 million reserve for unanticipated discontinuance of equipment, less $0.1 million retained earnings. Following the close of each fiscal year, after making provision for prior year losses, any surplus earnings are deposited in the miscellaneous receipts account of the U.S. Treasury.

INFORMATION RESOURCES MANAGEMENT SERVICE
Automatic Data Processing Fund

SELECTED WORKLOAD DATA

Workload Factors	1985 Actual	1986 Estimated	1987 Estimated	% Change
1 Multiple Award Schedules Program:				
Teleprocessing Services Program				
(1) Number of single billing multiple award schedule contracts(MASC's)........	39	46	47	2.2
(2) Net payments to contractors ($000)	47,654	66,778	72,404	8.4
(3) Contract Administration				
(a) number of subscribers	1,162	1,300	1,400	7.7
(b) number of current year contracts	35	46	47	2.2
(c) number of prior year contracts	70	120	180	50.0
2 Federal Data Processing Center Program				
A. Software Development and Information Technology				
(1) Compilers validated...............	151	160	175	9.4
(2) Tools offered.....................	12	12	12	-
(3) Software engineering projects.....	25	30	40	33.3
(4) Software conversion projects......	72	125	125	-
(5) Procurement assistance projects...	42	60	75	25.0
(6) Software improvement projects.....	25	25	25	-
(7) Agency planning projects..........	15	20	25	25.0
(8) Office automation projects....	12	13	15	15.4
B. FEDSIM				
Billable hours..........................	86,882	125,000	125,000	-
C. Federal Procurement Data Center				
(1) Number of procurement reports received (value over $25,000)........	400,000	400,000	400,000	-
(2) Number of special reports processed.........................	755	850	900	5.9
(3) Number of published reports distributed.......................	12,000	14,000	15,000	7.1

INFORMATION RESOURCES MANAGEMENT SERVICE
Automatic Data Processing Fund

SELECTED WORKLOAD DATA (Continued)

Workload Factors	1985 Actual	1986 Estimated	1987 Estimated	% Change
3 Contract Services Program				
a. Number of contracts	26	28	30	7.1
b. Volume of business ($000)				
(1) Systems & programming (S&P)	101,832	105,700	109,300	3.4
(2) Computer operations/Data entry	12,306	10,500	11,500	9.5
(3) ADP studies	26,343	22,000	24,200	10.0
(4) ADP risk analyis/Security audits	1,375	2,500	2,700	8.0
TOTAL	141,856	140,700	147,700	5.0
4. Equipment Lease Program				
Total active lease	67	15	7	-53.3
5. Excess ADP Property Program				
a. Number of excess transfer orders processed	519	700	800	14.3
b. Value of equipment transferred . . . . ($000)	51,000	70,000	100,000	42.9

INFORMATION RESOURCES MANAGEMENT SERVICE
Automatic Data Processing Fund

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	Actual 1985	Program 1986	Request 1987	Increases for 1987		
				Total	Program	Other
Managerial & Administrative Direction	50	57	57	-	-	-
Management Analysts	13	13	13	-	-	-
Contract Specialists	19	19	19	-	-	-
Financial Analysts	9	9	9	-	-	-
Computer Specialists	157	179	179	-	-	-
Operations Research Analysts	3	31	31	-	-	-
Planning Specialists	14	14	14	-	-	-
Secretarial/Clerical	33	53	53	-	-	-
Subtotal	298	375	375	-	-	-
Part-Time, Temporary Average Employment	11	11	11	-	-	-
Total	309	386	386	-	-	-

AUTHORIZING LANGUAGE
AUTOMATIC DATA PROCESSING FUND

Federal Property and Administrative Services Act of 1949, as amended:

> SEC. 111 (a). The Administrator is authorized and directed to coordinate and provide for the economic and efficient purchase, lease, and maintenance of automatic data processing equipment by Federal agencies.

BLANK PAGE

WEDNESDAY, MARCH 12, 1986.

FEDERAL SUPPLY SERVICE

WITNESS

DONALD C.J. GRAY, COMMISSIONER

Mr. ROYBAL. The committee will come to order.

The committee will now take up the Federal Supply Service. We will hear from Mr. Ray Fontaine, and he may proceed in any manner that he desires.

Mr. FONTAINE. I would like to introduce Don Gray, Commissioner of the Federal Supply Service, who will make a statement and introduce his colleagues.

Mr. GRAY. Good morning, Mr. Chairman. It is a pleasure for us to be here this morning.

I have with me Mr. Roger Daniero, Deputy Commissioner, and Mr. Richard Jeanneret, Director of the Office of Program Support.

The Federal Supply Service provides and supports a worldwide logistics supply system to contract for and distribute supplies and personal property to Federal agencies and other authorized users, transportation and travel management services and regulations, including transportation audits, the Federal fleet management system, and a governmentwide program for utilization, donation and sale of excess and surplus personal property.

Mr. Chairman, I would like to provide a copy of the full text for the record and then have an opportunity for further questions in regard to our program. I would be glad to answer any questions.

[The prepared statement of Donald C.J. Gray follows:]

STATEMENT BY MR. DONALD C. J. GRAY
COMMISSIONER, FEDERAL SUPPLY SERVICE, GSA
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE AND GENERAL GOVERNMENT OF THE
HOUSE COMMITTEE ON APPROPRIATIONS

MARCH 1986

Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to meet with the Subcommittee to discuss our fiscal year 1987 budget request. I am accompanied by Mr. Roger D. Daniero, Deputy Commissioner and Mr. Richard Jeanneret, Assistant Commissioner, Office of Program Support.

The Federal Supply Service (FSS) provides and supports a worldwide logistics supply system to contract for and distribute supplies and personal property to Federal agencies and other authorized users; transportation and travel management services and regulations including transportation audits, the Federal fleet management system; and a Governmentwide program for utilization, donation and sale of excess and surplus personal property.

During the past several years the Federal Supply Service (FSS) has achieved major dollar savings in support of the President's initiative to reduce Government spending. These savings have resulted from our ability to change from the "old way" of operating to a "new and better way" of doing business. We have accomplished a dramatic change in all our program areas. The application of new innovations in the methods of supply support, procurement procedures and processes, travel and transportation services, ADP state-of-the-art technology, the use of commercial contractors whenever proven to be more beneficial to the Government, and market research and marketing have created a new business oriented Federal Supply Service.

I would like to highlight some major accomplishments that have generated dollar savings within FSS and also created Governmentwide savings.

FSS has:

- Streamlined our depot network from 16 in 1981 to 9 in 1985 with no degradation in customer support and at a lower cost of operation.

- Converted our retail supply network from 52 self-service stores to 17 customer supply centers for more cost effective customer support.

- Enhanced travel/transportation services through the use of commercial travel agents at no cost to the Government; provided reduced airfares, hotel/motel and rent-a-car discount rates saving 50 percent or greater over the open market; implemented the charge card/travel check program anticipating $200 million in Governmentwide savings; and automated the rate and routing process which provides electronic Government Bills of Lading generating $31 million in savings in 1985.

- Enhanced ADP applications to improve administratively and operationally all aspects of office management, facility management, procurement prosesses, travel/transportation services, personal property functions and the fleet management activities.

In 1986, further streamlining plans include closing depots in Denver, CO., Auburn, WA., and Kansas City, MO., generating annual savings estimated to be $3.2 million. We are also initiating studies in accordance with OMB Circular A-76 on the depots and customer supply centers. FSS expects to save $2.6 million annually from the study process either by contracting out or by streamlining in-house operations. By the end of fiscal year 1987, FSS will have completed the consolidation of fragmented procurement functions currently located within 10 regional offices into three commodity centers under the commodity management concept. Annual savings from this consolidation are estimated to be $2.4 million.

Our 1987 budget request for new direct appropriations is $170,839 million, a net increase of $769 thousand over the comparable 1986 program. A modest increase is assumed for inflationary growth and rental rate increases of $3.2 million and a program increase of $5.9 million to purchase ADP equipment. These increases are offset by proposed reductions that include $3.1 million anticipated from either closures or contracting out supply functions and $1.1 million from abolishing related supply management functions, $1.0 million from the commodity management consolidation, and $2.6 from overhead reductions. This budget also includes a reduction of 455 workyears in 1987.

FSS is facing additional reductions of $7.3 million in our 1986 Program pursuant to Public Law 99-177. This presents a real challange for us based on the $7.4 million savings already assumed in the 1986 Program. We are reviewing many alternatives in order to meet this reduction in 1986.

Mr. Chairman, this concludes my statement. We will be glad to answer any question you or the other members may have.

Mr. ROYBAL. Without objection, that will be so ordered and we can proceed with questions.

Anything else at this time?

Mr. FONTAINE. No.

EXPLANATION OF INCREASES

Mr. ROYBAL. One question we have in mind is the fact that your request for 1987 is $14.8 million more than 1986; can you give us some explanation for that?

Mr. GRAY. Yes, Mr. Chairman. Our revised level is $155,944,000. One element in that total 1987 request of $170,839,000, is the restoration of the Public Law 99-177, the Gramm-Rudman-Hollings Act. That amounts to $7,313,000.

There is another element of $6,813,000 for the transportation audits function transferred to the Federal Supply Service. So our actual net change from 1986 to 1987 is only $769,000.

The transportation audits function that was transferred to the Federal Supply Service has gone quite well. The amount that we have targeted for this fiscal year to regain in the way of recoverable overcharges of the government was set at $17 million.

We have a ceiling of $5.2 million that we can pay to the contractors for that service. We now find that with the success we are having, we will undoubtedly go considerably over $20 million in recoveries if we have an increase in that ceiling. We estimate we can achieve a $24 million recovery by contractor, but to do that we would need a new current limitation of $7.6 million.

For the following year our projections would be to recover approximately $30 million. For that we would need a limitation of about $10.5 million.

Mr. ROYBAL. But the additional amount that you cite besides the Gramm-Rudman is in excess of $7 million. And then you ask for $5.9 million additional funding for computers, and you cite the Comptroller General decision in the justification. Can you explain that?

Mr. GRAY. Yes, Mr. Chairman. The Comptroller General issued the decision that said we can no longer use the General Supply Fund that we had been using in the past for procuring these types of capital items and then repaying the supply fund through the depreciation rate. In order to continue the reduction in the number of people through the economies and efficiencies in automation, we need to procure this type of automation equipment. We have that in our schedule.

Mr. ROYBAL. You use a centralized supply system.

Mr. GRAY. Yes, sir.

Mr. ROYBAL. Rather than letting each agency buy their own supplies in the open market. What do you estimate is the savings by using that centralized system?

Mr. GRAY. We have computed an overall savings of 21 percent based on actual detailed market studies conducted in the past. Depending on the various types of procurements, we range to a considerable amount above 35 percent savings for some items. The average of all of our various procurements is around 21 percent.

I think it would be of interest to the committee, Mr. Chairman, to know that we are within days of signing a study contract with an outside concern that will do a cost comparison study, not only within GSA and the way in which we procure and the costs related to that, but also with five major agencies who have agreed to join in allowing their organization to be examined by an outside firm.

This will give us a real idea of whether or not it is more cost effective for GSA to do all of the purchasing or for the other agencies to do their own. They also will construct a model that will allow us to continually review, to make certain that we are always using for the benefit of the government the most cost-effective method of obtaining the supplies, whether it be GSA or one of the other Federal agencies.

Mr. **Roybal**. That would include the billions of dollars worth of supplies that you provide your customers?

Mr. **Gray**. Correct.

Mr. **Roybal**. And will probably also look into the savings that result from that being a centralized system, and if that is the ultimate result, how soon will this committee be able to have a copy of that report? How soon will it be done?

Mr. **Gray**. We expect to have the first report from the study within six months. This is going to require a tremendous amount of effort on the part of not only GSA but the other five agencies working with the contractor to bring that about.

Mr. **Roybal**. Will that study also include a study of the cost that is involved in warehousing stock versus direct shipment at the time of purchase?

Mr. **Gray**. All costs connected with supply support are going to be measured.

Mr. **Roybal**. At the present time how much stock do you supply your customers?

Mr. **Gray**. We maintain an inventory of just over $200 million with a stock turn of 3.4 to 3.5, which is, in our type of business, very good, considering that we have a certain amount as safety stock, such as fire suppressants and so forth, which we hope, of course, never turns.

DIRECT SHIPMENT

Mr. **Roybal**. But it is possible to develop a system where you place an order and it goes directly—it does not come to a warehouse but it bypasses the warehouse?

Mr. **Gray**. Yes. And we have an active program right now, Mr. Chairman, studying the ability of our customers to receive those types of bulk shipments. We are studying the records where they have ordered that type in the past and setting our contracts in such a manner that they can be delivered direct from the vendor right to the user without having to have intermediate stocks or a secondary handling anywhere.

Mr. **Roybal**. So at the present time you do have a big job to do with regard to inventory control. You have to keep accurate records for security.

Mr. **Gray**. Yes.

Mr. **Roybal**. As a change is made, will that eliminate, at least partially, the costs now incurred in doing all of these things?

Mr. **Gray**. We certainly will be able to identify more clearly the cost elements through the study, and then by applying good management principles to it, we will be able to reduce those costs where it is possible. Our goal is to find the best system for the least cost to the government.

Mr. **Roybal**. And that study would be used as a format for whatever change?

Mr. **Gray**. Part of the study requires the contractor to construct a model for us through which we can put this type of information and come up with decision-making capabilities, considering all of the myriad elements that go into making up the decision on that.

GENERAL SUPPLY FUND

Mr. **Roybal**. Would you tell the committee what the relationship is between the Federal Supply Service and the General Supply Fund?

Mr. **Gray**. As you know, we are talking here about our appropriation, which is our direct operating appropriation.

Mr. **Roybal**. Tell us about that.

Mr. **Gray**. The General Supply Fund, very simply put, is used to procure those goods and services, to which we also add the cost of transportation. All other costs, overhead and costs associated with delivering those products and services to our customers, are funded through the direct operating expense appropriation. The General Supply Fund operates on a break-even basis. It is simply a capital fund through which these various products and services are procured and made available to the customer agencies.

Any profit that we make goes back, of course, to the general fund of the Treasury, and we control the fund very carefully so that it operates only at a point where it covers our cost of the product and transportation.

Mr. **Early**. If I could add to that, because of the way the statute was written, the customer only pays for the cost of the goods and the transportation. The warehousing, the management, the order taking, the regulation is all done through the operating expense appropriation and is not in the revolving fund.

Mr. **Fontaine**. It is not a pure industrial fund. The overhead is in the appropriations.

Mr. **Gray**. We will be studying very closely the possibility of an industrial fund approach. We feel that would give us the true measure of whether we deserve to remain in business or not because then we would have to compete with all of the markets out there and still stay in a competitive position. We feel confident we can do that.

Mr. **Roybal**. That is going to be rough.

Mr. Skeen.

ADP CAPABILITY

Mr. **Skeen**. Thank you, Mr. Chairman.

Mr. Gray, welcome to the committee. This is a very interesting process that you oversee. How extensive is your data processing? Is it adequate for what you are doing now, inventory control, cost control and so on?

Mr. Gray. It is quite extensive, Mr. Skeen. Our system has approximately eight to ten years on it, and the advanced technologies in that period of time have far exceeded what our system is capable of.

Mr. Skeen. You are a little bit behind the technology curve.

Mr. Gray. Yes. Part of the funding that we are asking for would help us to enhance and improve that particular part of our supply system.

Mr. Skeen. You mentioned the cost-efficiency analysis that you are going through. When was the last time that the Agency ever ran one of these?

Mr. Gray. A real detailed one was conducted in the seventies. Ray? I don't remember the exact date on that.

Mr. Fontaine. It has been some time. Ten years.

Mr. Skeen. It is about as outdated as your data processing system?

Mr. Gray. Most likely, but I do not want to leave the impression that we have not looked in that direction. We have made some market basket studies, as we call them, where we have taken a select list of items, in the range of between 1000 and 2000 items, and gone out to test the market to see what the cost would be if an agency were to go out on their own to buy in quantities we think would be logical for them to buy as an individual buyer. We found out there that we have savings of about 40 percent over what agencies would likely pay.

Mr. Skeen. Administrator Golden was here yesterday and mentioned we tend to let the data processing lag behind the advances of technology. I would like to watch these agencies on a yearly basis when they come in for appropriations to keep updating the data processing systems because they are so critical to your operation. It has been quite a while since you had a real cost-effective analysis. I would like to see that.

I have one other question. How big a problem is your perishable supplies? You do a lot of warehousing.

Mr. Gray. We do not warehouse anything that is perishable in the form of foodstuffs or anything of that nature. The only thing we do have are shelf life items. We have a very active program where we go through and review to make sure that those are properly managed. We do that on a basis of measuring the demand from our customers. Our ordering process it considers the customer demand. We are always measuring the demand against replenishment.

Mr. Skeen. Does it or does it not become a large problem?

Mr. Gray. No.

Mr. Skeen. How are the items disposed?

Mr. Gray. Through personal property.

Mr. Skeen. I was curious. It does not amount to an awful lot in terms of dollars and in terms of supplies?

Mr. Gray. That is correct. It is relatively small.

Mr. Skeen. Because of the way you manage it.

Mr. Gray. That is correct.

Mr. Skeen. Thank you.

EXPENSES, TRANSPORTATION AUDIT CONTRACTS

Mr. **Roybal.** Thank you, Mr. Skeen.

Mr. Gray, one last question. The Supplemental Appropriation Act of 1985 included a provision to authorize the expenses of transportation out of contracts and contract administration to be financed through overcharges collected from carriers on transportation bills paid by the government. You would remember that the maximum of $5,200,000 was established for that purpose.

I would like to know how this program is progressing and whether or not the $5.2 million as a limitation is adequate, and will it meet the current and future program levels?

Mr. **Gray.** Thank you, Mr. Chairman. The program is progressing very well. Our target for this year had been originally set for $17 million, with $5.2 million as the maximum we could pay the contractor. We now feel that the contractor could produce as much as $20 million to $24 million, but we would need the ceiling limitation of $7.6 million to accomplish that this year.

Next year in 1987 we see the potential of at least $30 million, but that would require a ceiling limitation of $10.5 million to pay the contractors. Because of the production that comes out of this program and the economies of it, we hope that the $10.5 million will be the allowance that we can proceed with in 1987.

Mr. **Fontaine.** It is a good investment.

Mr. **Roybal.** I would think it is a very good investment.

Mr. **Fontaine.** We appreciate anything you can do to help us there. It is money well spent.

Mr. **Roybal.** Mr. Akaka?

CLOSING OF SUPPLY DEPOTS

Mr. **Akaka.** Thank you Mr. Chairman. Commissioner Gray, it is a pleasure to see you today. The streamlining activities of the Federal Supply Service seem quite impressive. The Depot network has already been transformed from a system of 16 in 1981 to 9 in 1985. In your testimony, you mention the closing of three additional depots, thereby bringing the total number of depots to 7. In spite of the reduction of depots by nearly 50% since 1981, you remain confident that customer support and Government efficiency will still be maintained?

Mr. **Gray.** We are extremely confident that FSS' mission as well as the support to its customers will not be adversely affected by reducing the number of FSS distribution points. FSS can service the same customers and accomplish the same volume of business from its larger full service distribution centers located in Belle Mead, New Jersey; Franconia, Virginia; Duluth, Georgia; Chicago, Illinois; Ft. Worth, Texas; and Stockton, California. We have transferred the workload previously accomplished by our closed centers, and have revised the stocking patterns accordingly to ensure adequate stock is available for distribution. By making computerized changes we can adjust the workload of a distribution center to prevent any of them from being over or under worked. With the current productivity levels of our remaining centers, and the quality of work which they accomplish, we anticipate that our mission will be as, if not more, effective than it has been in prior years.

CHARGE CARD AND TRAVELERS CHECK PROGRAM

Mr. **Akaka**. Your testimony reveals that you have been able to tremendously reduce cost to the Government for travel/transportation services. When you say that the charge card/travel check program anticipates a saving of $200,000,000, is that an annual saving?

Mr. **Gray**. Yes; that is the projected annual savings anticipated upon complete, Governmentwide implementation of the charge card and travelers check program. The savings are derived from a number of factors, such as substantial reductions in cash advances to travelers, and therefore, better cash management, reduced administrative costs, a significant decrease in the number of receivables the Government must process and pay, elimination of direct involvement by Government finance offices in processing unused or partially used airline tickets, etc. It is estimated that approximately 500,000 cards will be issued to Federal travelers upon full implementation. To date, over 200,000 cards have been issued to employees of more than 50 participating departments and agencies.

PURCHASE OF VEHICLES WITH AIRBAGS

Mr. **Akaka**. I am sure that you have read yesterday's Post article regarding GSA's decision to stop buying cars with air bags. Can you tell me more about this matter.

Mr. **Gray**. If I may, I would like to provide a response for the record.

Mr. **Akaka**. That will be fine.

[The response follows:]

Purchase of Vehicles With Airbags

I am glad of the opportunity to clarify this matter, beginning with the article in the Washington Post that appeared on March 11. There were several errors in that piece: (1) The reason for cancelling the passive restraint solicitation—it was not a cost-cutting measure, but a routine determination of what is a reasonable price; (2) The model years of the cars involved—we requested bids on 1986 cars only, as far as we are concerned 1987 is a blank slate; (3) The nature of the contracting action—it was a solicitation for a new contract with any potential bidder, and in no sense a renewal of a contract with just Ford; (4) The price paid for the 5361 airbag cars we bought last year—it was over $37.5 million, not $36.5 million (an error of almost $200 per car); and (5) The estimate of Ford's price for the 1986 airbag car. Our procurement regulations prevent me from announcing what Ford bid; only Ford can release that information, which they have not done. We thought their price was unreasonable.

The facts are these: In 1985, GSA and the National Highway Transportation Safety Administration cooperated in buying 5361 Ford Tempo airbag cars as a demonstration program. The results of that were such that we decided to buy 2000 more this year, but we asked for passive restraints to open it up to competition. We got one bid, from Ford. We went through negotiations with Ford, got their "Best and Final" price, and determined that it was higher than a reasonable price. Consequently GSA cancelled the solicitation. Our first responsibility is to meet agencies' program needs by buying good vehicles for the government at the lowest possible price. Consequently we are now getting those cars from another lower priced contract, without passive restraints.

We are working on a strategy to get additional safety equipment on 1987 cars, which will truly open it up to all bidders. We will be talking with potential bidders on this strategy at our annual specification meeting later this year.

Mr. **Roybal**. Mr. Hoyer?

Mr. Hoyer. Thank you Mr. Chairman. I will submit a question that I would like to have answered for the record.

Mr. Gray. We will be happy to do so.

[The question and answer follow:]

Question for the Record from Congressman Hoyer

Question. Could you please explain your new proposal for issuing contracts for each airport individually in some markets, particularly with National, Dulles, and B.W.I.?

Will this system replace the regional contract and supplemental contract system currently in place?

Will Federal employees face any barriers as to where they want to fly from? I would like employees to be able to fly out of the nearest airport but am also aware of the need for low cost flights. I think it is important, however, that we include ground transportation costs and lost production time as well when factoring in the total costs. Will you continue to do so in future cost estimates?

With separate contracts for each airport, would B.W.I. still appear in the Federal travel directory under the Washington heading?

Answer. In soliciting for contract airline fares for fiscal year 1987, GSA plans to solicit and award contracts separately to and from multiple airports in the most heavily traveled cities, to include New York, Washington, San Francisco and Los Angeles. This is a departure from past practice where each of those cities was solicited as a single market. In the past, the carrier offering the lowest fare and meeting other criteria specified in the solicitation was awarded the primary contract for those cities to specified destinations. If that carrier did not serve all airports within the metropolitan area, or did not offer the minimum number of flights specified in the solicitation, progressive awards also were made to assure full coverage. Under the current rules, travelers are required to justify using the progressive carrier based on total costs, even though it may be more convenient to fly from the airport served by that carrier.

Under the proposed change, GSA would solicit separate fares and award separate contracts from each of the three Washington area airports to each city which previously was solicited merely to and from Washington, DC. While we anticipate that fares to the same city may be lower from B.W.I. and Dulles than from National, this is consistent with pricing trends within the industry. At the same time, such differences are not expected to be so significant that they would offset what otherwise would be increased ground transportation costs and lost productive time getting to and from a less convenient airport. However, travelers would be free to travel on the contract carrier serving the airport which is most convenient to his or her home or duty station.

The Federal Travel Directory will continue to reflect all contract service available within a metropolitan area, regardless of airport(s) served. The four cities noted above are those which involve a high degree of Federal employee travel, and which are served by airports which are competitive with one another in terms of the share of passenger traffic within the market. There are additional cities served by more than one airport, but where only one airport dominates the market, they will continue to be solicited as in the past.

Mr. Roybal. Are there any other questions?

Mr. Lowery?

Mr. Lowery. No questions, Mr. Chairman.

Mr. Roybal. There being no other questions, Mr. Gray, we would like to thank you and your colleagues for your presentation. We will insert the Justifications in the record at this point.

[The justifications follow:]

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work-Years	$ Amount
1986 Level Authorized by the Continuing Resolution, Public Law 99-190	3,117	3,309	$163,257
Adjustments:			
Transfer of Transportation Audits from Salaries & Expenses, GSA	+183	+183	$+6,813
Revised 1986 Level Authorized	3,300	3,492	$170,070
1987 Estimates	2,900	3,037	$170,839
Change from 1986 to 1987	-400	-455	$+769

DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1987

	APPROPRIATION						INCREASE OR DECREASE (-) for 1987					
	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount
1. Supply	3,129	$135,753	2,852	$135,924	2,403	$136,278	-449	$+354	-449	$-2078	-	$+2,432
2. Transportation	127	9,796	310	16,742	308	16,985	-2	+243	-2	+71	-	+172
3. Property Management	330	16,313	330	17,404	326	17,576	-4	+172	-4	+12	-	+160
Total	3,586	$161,862	3,492	$170,070	3,037	$170,839	-455	$+769	-455	$-1995	-	$+2,764
Permanent Positions	3,367		3,300		2,900		-400		-400		-	

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

Summary Justification of FY 1987 Estimates

The fiscal year 1987 Congressional Budget request provides for Government-wide direction and coordination of a worldwide supply distribution system, management of supplies and personal property; transportation and travel management; transportation audits; vehicle fleet management and property management activities for utilization, rehabilitation, donation and sale of Federal property.

Direct obligational authority for fiscal year 1987 is estimated to be $170,839,000, a net increase of $769,000 from the fiscal year 1986 authorized authority of $170,070,000. Increases of $117,000 for paycut restoration; $1,526,000 to cover the cost of inflation for goods and services; $1,645,000 for rental rate increases; and $5,902,000 to purchase ADP equipment to support the supply system redesign, procurement processes and office automation are offset by decreases of $524,000 for the GS 11-15 reductions; $1,737,000 and 38 FTE as a result of three depot closures in fiscal year 1986; $1,405,000 and 228 FTE based on initiating studies in accordance with OMB Circular No. A-76 on the wholesale/retail distribution system; $1,025,000 and 41 FTE generated by procurement consolidations under the commodity management concept; and $3,730,000 and 148 FTE based on Central Office/Regional overhead savings and abolishing regional supply management functions.

In 1985, the Federal Supply Service (FSS) improved operational efficiency by closing the self-service stores in favor of the more economical customer supply centers and by closing a supply depot located in Norfolk, Va. In 1986, further streamlining plans include closing depots in Denver, CO, Auburn, WA, and Kansas City, MO, generating annual savings estimated to be $3.2 million and initiating studies in accordance with OMB Circular A-76 on the depots and customer supply centers. FSS expects to save $2.6 million annually from the study process either by contracting out or by streamlining in-house operations. By the end of fiscal year 1987, FSS will have completed the consolidation of fragmented procurement functions currently located within 10 regional offices into three centralized locations under the commodity managment concept. Annual savings from this consolidation are estimated to be $2.4 million.

- Effective October 1, 1985, Transportation Audits was transferred from the Salaries and Expenses, General Management and Administration Account to the Federal Supply Service ($6,813,000 and 183 FTE).

- As a result of the Comptroller General Decision B-213771-Reimbursement of the General Supply Fund for Operating/Administrative Equipment Purchases, dated July 7, 1984, this budget request includes funding to cover equipment purchases beginning in fiscal year 1987. In previous fiscal years, equipment was purchased through the General Supply Fund which in turn was reimbursed from the direct appropriated funds in the form of depreciation payments over the life of the equipment.

- Detailed explanation of changes, fiscal year 1986 vs. fiscal year 1987, are reflected in each appropriate program activity.

Summary of Budget Authority
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted/Requested Budget Authority	$162,400	170,070	$170,839
Reductions of Budget Authority pursuant to P.L. 99-177...		-7,313	
Total Budget Authority..................	$162,400	[illegible]2,757	$170,839

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SUMMARY EXPLANATION OF CHANGES 1986 TO 1987
(Dollars in Thousands)

	SUPPLY		TRANSPORTATION		PROPERTY MANAGEMENT		TOTAL 1987	
	Works-Years	$ Amount	Works-Years	$ Amount	Works-Years	$ Amount	Works-Years	$ Amount
PROGRAM CHANGES								
ADP Equipment... (Comptroller General Decision B-213771)	-	$+5,664	-	$+123	-	$+115	-	$+5,902
Annualized Depot Closures.............................	-38	-1,737	-	-	-	-	-38	-1,737
Annualized A-76 Supply Depot & Customer Supply Centers...	-228	-1,405	-	-	-	-	-228	-1,405
Abolish Supply Management Functions.................	-44	-1,112	-	-	-	-	-44	-1,112
Central Office/Regional Overhead Reductions.........	-98	-2,463	-2	-52	-4	-103	-104	-2,618
Commodity Centers Implementation.....................	-41	-1,025	-	-	-	-	-41	-1,025
TOTAL PROGRAM CHANGES..................................	-449	$-2,078	-2	$+71	-4	$+12	-455	$-1,995
OTHER CHANGES								
5% Pay Cut Restoration................................	-	$+95	-	$+11	-	$+11	-	$+117
GS 11-15 Reductions...................................	-	-442	-	-35	-	-47	-	-524
Price Inflation @ 4.2%................................	-	+1,332	-	+97	-	+97	-	+1,526
Rent Increases @ 7.8%.................................	-	+1,447	-	+99	-	+99	-	+1,645
TOTAL OTHER CHANGES....................................	-	$+2,432	-	$+172	-	$+160	-	$+2,764
TOTAL CHANGE FROM 1986 TO 1987.........................	-449	$+354	-2	$+243	-4	$+172	-455	$+769

SUPPLY
(Dollars In Thousands)

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount
Program Activity	2,884	$114,678	2,607	$113,884	2,256	$116,419	-351	$+2,535	-351	$+385	-	$+2,150
Service Direction	245	21,075	245	22,040	147	19,859	-98	-2,181	-98	-2,463	-	+282
TOTAL	3,129	$135,753	2,852	$135,924	2,403	$136,278	-449	$+354	-449	$-2,078	-	$+2,432

BACKGROUND

The supply operations activity provides for the management and direction of a world-wide supply distribution system consisting of wholesale and retail distribution facilities through which commercial-type commodities are received, stored, and issued to Federal agencies. Supplies are currently shipped to customer agencies from a system of four full-service depots, three bulk depots, two special support facilities, and the fuel yard located in Washington, DC. Ordering agencies submit requisitions for Supply Catalog items which are processed for issue from inventory at the appropriate depot facility. The Customer Supply Centers provide efficient, quick ship service to the Federal agencies for consumable retail supplies.

The procurement activity manages the contracting of commercial-type items and services required by Federal agencies and other authorized users of the Federal supply system. These functions are currently carried out by 11 regional buying offices and 4 National Commodity Centers responsible for designated commodities which are: tools, furniture, automotive, and general office and scientific products. This program selects commodities for inclusion in the stores, special order, and Federal supply schedules by determining the most economical and effective method of supply.

Through the procurement function, socio-economic goals, energy efficiency initiatives, Buy-American regulations and other national goals set by the President and Congress are carried out. Special assistance is provided to AID in support of its program of international narcotics control, malaria eradication, population control and rural development; to the U.S. Forest Service in its fire suppression program; to all agencies for civil defense and mobilization; and to the Bureau of Indian Affairs.

The contract management activity performs contract administration and quality assurance functions to assure that vendors fully meet all terms and conditions of contracts and that the quality of materials purchased complies with requirements of those contracts. Commodity inspection and surveillance is conducted at contractor's plants or GSA supply facilities. Testing capability is maintained through commercial and Government laboratories. Engineering evaluations are performed, prior to contract award, to determine bidders ability to comply with the quality control and delivery terms of the contract. The Quality Approved Manufacturer's Program allows manufacturers with approved quality control systems to ship material to agencies without Government inspection.

SUPPLY (CONTINUED)

JUSTIFICATION

A. HIGHLIGHTS

In fiscal year 1985 the national supply system maintained priority effectiveness on all items at 93 percent; closed the Norfolk depot for annualized savings in fiscal year 1986 of $819 thousand and 13 FTE, closed the self-service stores in favor of the more economical customer supply centers which produced an annualized savings of $2,921 million and 62 FTE in fiscal year 1986, reduced the cost from $7.74 per $100 sales to $7.22, and maintained depot work-in-process at 7 days and fill rate at 93 percent. Increased sales from $4.8 billion to $5.1 billion resulted in additional savings to the government of $60 million.

In fiscal year 1986, FSS will continue to consolidate and streamline depot operations with the closure of three small supply depots and to extend the A-76 process into the full-service depots and the customer supply centers. Projected savings from these planned actions are assumed in this budget as follows: three depot closures will generate savings of $1,527 million and 26 FTE in fiscal year 1986 and $1,737 million and 38 FTE in fiscal year 1987; A-76 studies on depots and customer supply centers will bring a savings of $1,405 million and 228 FTE in fiscal year 1987; abolishing regional supply management functions and reducing overhead activities will provide additional savings of $3,730 million and 148 FTE in fiscal year 1987.

FSS will establish three additional commodity centers to consolidate and better manage the procurement, inventory management, and technical support functions that are currently located within the regional offices. Local procurement support will remain within the regional Federal Supply Service Bureaus. Projected savings of $1,025 million and 41 FTE are assumed and reflected as reductions in fiscal year 1987.

In fiscal year 1987 equipment purchases will be directly funded from the direct appropriation based on the Comptroller General Decision B-213771, dated July 7, 1984. This program request includes $5,664 million to cover the purchase of ADP equipment as follows:

Supply System Redesign - $4,010,000

In fiscal year 1987 advanced automation will be introduced into the information processing and record keeping functions performed at the individual supply facilities. This automation will bring the facility level of processing functions up to a comparative level with the overall supply system (FSS-19), as well as eliminate the need for transport of the daily work packages from the regional offices to the depot locations, eliminating processing delays and disruptions inherent in such a process. The application of automation to the depot level process will substantially reduce manual paper sorting efforts and vastly improve the operations of inventory control, receiving, scheduling, and shipping. This purchase will replace and enhance existing equipment with upgraded computers, terminals, and printers by integrating micro computers into the system. In addition, this equipment will provide an effective facility backup system to avoid work stoppage situations caused by main system downtime. This is the next step in the long range process of bringing the total supply system up to a level of speed and efficiency made possible by the recent growth of data processing technology.

324

Procurement Process - $1,000,000

The goal is to automate the manual functions now performed during the pre-award phase of the procurement cycle. To accomplish this, equipment augmentation and implementation is needed in all commodity centers and regions. Results of a feasibility study are expected by the second quarter of fiscal year 1986. This project will close the gaps that exist in the FSS-19 supply system procurement module. Procurement operations will be improved by reducing manual effort associated with production and disposition of purchase orders. Electronic communications with bidders and contractors will speed up the process allowing FSS to take advantage of discounts and avoid penalties. The increased availability of system data will improve contract administration.

Office Automation - $654,000

This equipment cost will enhance office automation capabilities and will give FSS the opportunity to take advantage of improved computer products and capabilities such as communications networking, digitizers, plotters, and software.

Supply Sales

The wholesale distribution operation consists of sales shipped to customer agencies from supply depots and items issued to agencies through retail outlets. Stores, regular sales are estimated to be $1,118.0 million in 1986 and $1,184.0 million in 1987. Stores, direct delivery, includes stores items which are ordered for direct delivery from suppliers to the requisitioning agency. These sales are estimated to be $100.0 million in 1986 and $107.0 million in 1987. Special order includes commodities which are not sufficiently common use or economical to stock in depots. Special order sales are estimated to be $833.0 million in 1986 and $883.0 million in 1987.

B. EXPLANATION OF CHANGES, FY 1986 vs FY 1987

1. **Program Changes** - An increase of $5,664,000 for the purchase of ADP Equipment, in accordance with the ADP five-year plan, is offset by $1,737,000 and 30 FTE related to 3 depot closures in 1986, $1,405,000 and 228 FTE resulting from A-76 studies, $1,112,000 and 44 FTE from abolishing regional supply management functions, $2,463,000 and 98 FTE related to overhead reductions, and $1,025,000 and 41 FTE saved from consolidating procurement activities for a net decrease of $2,078,000 and 49 FTE.

2. **Other Changes** - Increases include $95,000 for pay cut restoration, $1,332,000 to cover the cost of inflation for goods and services, and $1,447,000 for rent increases which are offset by a decrease of $442,000 related to GS 11-15 reductions for a net increase of $2,432,000 in other changes.

BLANK PAGE

BLANK PAGE

BLANK PAGE

SUPPLY

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing, $62,861,000 - for 2,256 work-years (FTE's) distributed as follows:

	1985	1986	1987
Central Office	636	626	567
Field Offices	2,248	1,981	1,689
Total Work-Years	2,884	2,607	2,256
Permanent Positions	2,685	2,440	2,141

12. Personnel Benefits, $9,267,000 - $4,342,000 for direct contribution to the Retirement Fund; $1,855,000 for health benefits; $396,000 for Medicare; $185,000 for group insurance; $741,000 employment/unemployment compensation; and $891,000 for FICA; and $855,000 for former employee benefits.

21. Travel and Transportation of Persons, $1,274,000 - $186,000 for travel related to facilities and inventory inspections, $641,000 related to procurement activities and contract management functions and $447,000 for motor pool services.

22. Transportation of Things, $108,000 - for miscellaneous transportation charges and motor pool truckage.

23.1 Rent, $14,519,000 - for space costs payable to the Federal Buildings Fund.

23.3 Comm., Utilities, and Misc. Charges, $5,688,000 - $604,000 for general telephone; $707,000 for intercity costs (FTS); $85,000 teletype and telegraph services; $723,000 postage and related fees; $220,000 for data transmission; $757,000 for depreciation of administrative and operating equipment payable to the General Supply Fund; and $2,161,000 for amortization related to ADP equipment, and $431,000 for rental of ADP equipment.

24. Printing and Reproduction, $2,065,000 - $475,000 for the supply catalog and other related catalog printing; $406,000 for commercial item descriptions, specifications, guides, and GSA periodicals $194,000 for supply schedules and related supply schedules printing; $132,000 for FPMRs and the Federal Register; $210,000 for market publications; and $648,000 for general printing and reproduction costs.

25. Other Services, $13,226,000 - $5,959,000 for commercial services, contract support, ADPE time/user services, and inter-agency related to ADP; $321,000 for payment to the Working Capital Fund; $6,247,000 for commercial contracts; and $699,000 for payment to other GSA funds and other Government agencies.

26. Supplies and Materials, $1,734,000 - $56,000 for office supplies; $88,000 for supplies related to data systems activities; $1,590,000 for operating supplies.

31. Equipment $5,677,000 - $4,010,000 for supply system redesign, $1,000,000 for procurement processing, $654,000 for office automation and $13,000 related to other administrative equipment.

Excludes prorated amount of Service Direction. See Service Direction for distribution by object classification.

330

TRANSPORTATION
(Dollars In Thousands)

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount
Program Activity	108	$8,011	291	$14,874	291	$15,161	-	$+287	-	$+123	-	$+164
Service Direction	19	1,785	19	1,868	17	1,824	-2	-44	-2	-52	-	+8
Total Program	127	$9,796	310	$16,742	308	$16,985	-2	$+243	-2	$+71	-	$+172

BACKGROUND

This activity provides a Government-wide program for transportation and travel management, transportation audits, operation and maintenance of motor equipment to meet agency requirements and the development and execution of the automotive procurement function of the Government, and new responsibilities to engender improved management of aircraft procured by civilian agencies in support of their missions. Responsibilities within these functions include representing the interest of civilian agencies before transportation ratemaking and regulatory bodies; developing the Federal Travel and Transportation Management Regulations (and the concomitant legislative initiatives) associated with cost effective movement of household goods, general commodity and passenger transportation programs; conducting statutory reviews regarding the cost of per diem, relocation allowances, and use of privately owned vehicles for official business; determining freight and passenger service requirements of agencies and then developing economical and efficient systems and programs to satisfy agency requirements; assisting agencies in the interpretation and implementation of transportation/travel polices, regulations and entitlements; negotiating and maintaining Government-wide transportation/travel management agreements and providing technical examination and adjudication of transportation claims by and against the U.S. Government and ensures transportation services procured for the Government are the lowest lawful rates.

JUSTIFICATION

A. HIGHLIGHTS

The FSS role as the transportation, travel, fleet manager for civilian executive agencies has been greatly enhanced due to the following accomplishments in fiscal year 1985, which resulted in over $700 million worth of services being used by Federal agencies, up $100 million more than in fiscal year 1984.

The Travel Management Center Program features the use of commercial travel agent contractors at no cost to the Government. Permanent use of commercial travel agents resulted in Travel Management Centers operating in over 130 cities in fiscal year 1985, generating an additional $90 million in airfare savings and about $30 million in administrative savings.

The Airline Contract City-Pair Program provides reduced airfares for Government employees traveling on official business. In conjunction with this program, the Federal Travel Directory is published monthly providing contract airline schedules, fares, telephone reservation numbers and ground transportation information. In fiscal year 1985, contracts were effected with 23 air carriers for travel discounts on 644 city pair routes.

TRANSPORTATION (Continued)

The Hotel/Motel Discount Program provides first class accommodations at reduced rates to all government employees on official travel, through utilization of rate agreements with the industry. In fiscal year 1985 there were 4,300 lodging properties in 1,300 (+) cities included in the hotel/motel discount program including international sites of domestic chains.

The Charge Card/Traveler Check Program was expanded to about 20% of the market potential, or 150,000 cards. Ultimate government-wide savings of $200 million is expected.

This activity chaired the newly created Federal Travel Review Board (also composed of the Departments of State and Defense), designed to publish and maintain consistency of the newly streamlined and standardized Joint Federal Travel Regulations.

The GSA car rental program was enhanced as a result of FSS joining forces with DOD to establish a unified Government-wide program that has exponentially expanded discount availability and improved service quality.

The automated rate and routing process provides electronic Government Bills of Lading (GBL), and replaces manual computations and research time that in some instances involved days. In fiscal year 1985 there were five major agencies accessing the data base directly on a reimbursable basis with GSA generating savings of $31 million.

The small package express delivery program (under contract with DHL Airways, Inc.) was expanded to provide coverage to 10,000 U.S. points.

The Federal Fleet Management activity implemented the Aircraft Information System, recommended by GAO, which captures inventory, cost and utilization data pertinent to civilian agency aircraft. Another initiative accomplished was the development of a solicitation for bank-issued charge cards for fuel and maintenance to replace the SF-149 and individual purchase orders, that will yield administrative savings.

In fiscal year 1986 and continuing through fiscal year 1987 the Transporation Programs will continue to provide greater travel and transportation savings for Federal Agencies. The volumes for freight transportation services, airlines city pairs and the travel management centers programs are estimated to be $572 million in fiscal year 1985 and $660 million in fiscal year 1986 and $740 million in fiscal year 1987.

In fiscal year 1987, equipment purchases will be directly funded from the direct appropriation based on the Comptroller General Decision B-213771, dated July 7, 1984. This program request includes $123,000 to purchase ADP equipment to enhance office automation capabilities such as communications networking, digitizers, plotters, and software.

Transportation Audit responsibilities were transferred to FSS, effective October 1, 1985. Resources in the amount of $6,813,000 and 183 FTE were transferred from the Salaries and Expenses, General Management and Administration account to Operating Expenses, Federal Supply Service. Responsibilities include directing the centralized audit and review of freight and passenger transportation vouchers paid by the Government, recovery of overcharges on transportation payments, and adjudication of transportation claims.

B. EXPLANATION OF CHANGES, FY 1986 vs FY 1987

Program Changes - An increase of $123,000 for the purchase of ADP equipment in accordance with the overall ADP five-year plan is offset by $52,000 and 2 FTE related to overhead reductions for a net increase of $71,000.

Other Changes - Increases include $97,000 to cover the cost of inflation for goods and services, $99,000 for rent increases, and $11,000 for pay cut restoration are offset by $35,000 related to GS 11-15 reductions for a net increase of $172,000.

TRANSPORTATION

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing, $8,269,000 - for 291 work-years (FTEs) distributed as follows:

	1985	1986	1987
Central Office	36	216	216
Field Offices	72	75	75
Total Work-Years	108	291	291
Permanent Positions	105	283	283

12. Personnel Benefits, $1,220,000 - $569,000 for direct contribution to the Retirement Fund; $247,000 for health benefits; $55,000 for Medicare; $26,000 for group insurance; $101,000 employment/unemployment compensation; and $117,000 for FICA; and $105,000 for former employee benefits.

21. Travel and Transportation of Persons, $158,000 - $103,000 for management surveys, review of agency requirements, transportation functions and travel associated with training; and $55,000 for motor pool services.

22. Transportation of Things, $15,000 - for miscellaneous transportation charges and motor pool truckage.

23.1 Rent, $2,655,000 - for space costs payable to the Federal Buildings Fund.

23.3 Comm., Utilities, and Misc. Charges, $777,000 - $83,000 for general telephone; $144,000 for intercity costs (FTS); $11,000 teletype and telegraph services; $107,000 postage and related fees; $31,000 for data transmission; $95,000 for depreciation of administrative and operating equipment payable to the General Supply Fund; and $252,000 for amortization related to ADP equipment, and $54,000 for rental of ADP equipment.

24. Printing and Reproduction, $264,000 - $75,000 for printing supplements and revisions to the Federal Travel Regulations and Commuted Rate Schedules; $66,000 for directories; $98,000 for general use printing and reproduction costs, and $25,000 for GSA periodicals and marketing publication.

25. Other Services, $1,412,000 - $1,293,000 for commercial services, contract support, ADPE time/user services, and inter-agency related to ADP; $40,000 for payment to the Working Capital Fund; and $79,000 for payment to other GSA funds and other Government agencies.

26. Supplies and Materials, $268,000 - $38,000 for office supplies; $13,000 for supplies related to data systems activities; $90,000 for tariffs related to transportation activities, and $127,000 for operating supplies.

31. Equipment, $123,000 - to purchase ADP equipment in support of Office Automation.

Excludes prorated amount of Service Direction. See Service Direction for distribution by object classification.

PROPERTY MANAGEMENT

(Dollars In Thousands)

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount
Program Activity...............	308	$14,379	308	$15,380	308	$15,611	-	$+231	-	$+115	-	$+116
Service Direction	22	1,934	22	2,024	18	1,965	-4	-59	-4	-103	-	+44
Total Program	330	$16,313	330	$17,404	326	$17,576	-4	$+172	-4	$+12	-	$+160

BACKGROUND

This activity manages and operates a Government-wide excess personal property program including the utilization, donation, and sale of property. It encompasses all Government agencies, and provides for utilization of excess property. The Furniture Reclamation Center located in the National Capital Region arranges for rehabilitating excess furniture, thereby eliminating unnecessary purchases of new, more expensive office furniture. The Property Management Centers centralize operations for handling Federal agencies excess and surplus personal property pending disposition. Centralization significantly reduces storage space requirements Government-wide; provides rapid disposition of excess and surplus property; and reduces the duplication of handling such property.

JUSTIFICATION

A. HIGHLIGHTS

In conjunction with the FSS major on-going objectives to reduce the cost of Government, maximize efficiency of operations and to provide excellent service to all customers, the property management activity has accomplished the following initiatives in FY 1985:

UTILIZATION

The Utilization program is responsible for the transfer of good, usable excess items of personal property to meet the requirements of Federal agencies. In fiscal year 1985, the utilization program expended the Personal Property Centers from 17 to 18 nationwide; conducted follow-on inspections of agency storage sites to reduce stockpiling of excess property and accelerated reutilization; developed and issued regulatory changes governing procedures for administering the foreign gift program and the excess property program; developed and presented a utilization and disposal training course in major cities throughout the country; established an interagency committee to research and develop an automated property management and accounting system for government-wide use; initiated automation of personal property center functions which is scheduled for implementation in fiscal year 1986 and maintained quality of service by processing 95% of transfers within 60 days.

PROPERTY MANAGEMENT (Continued)

DONATION

The Donation program is responsible for the allocation of good, usable surplus items to the states for donation to public agencies and nonprofit public health and educational organizations. In fiscal year 1985 this program satisfied regulatory requirements by converting State agencies' operating plans for surplus property to permanent status; completed 29 regional reviews of State agencies for surplus property and closed 48 noncompliance cases; contacted universities and associations to increase program usage; and maintained percentage of transfers processed on time at 95 percent within 30 days.

SALES

The Sales program is responsible for the sale of surplus and exchange sale of property, with the exception of strategic and critical materials. Sales are conducted by GSA for practically all executive agencies except the Department of Defense. The Sales program continued monitoring and evaluating vehicle sales using commerical auctioneering firms; initiated a sales automation system which is scheduled for implementation in fiscal year 1986; and processed 90 percent of property reported within 60 days.

Value of surplus property processed was $1.1 billion in fiscal year 1985 and is estimated to be $1.0 billion in both fiscal years 1986 and 1987.

In fiscal year 1987, equipment purchases will be directly funded from the direct appropriation based on the Comptroller General Decision B-213771, dated July 7, 1984. This program request includes $115,000 to cover the purchase of ADP equipment to enhance office automation capabilities such as communications networking, digitizers, plotters, and software.

B. EXPLANATION OF CHANGES, FY 1986 vs FY 1987

1. Program Changes - $115,000 for the purchase of ADP equipment in accordance with the overall ADP five-year plan is offset by a decrease of $103,000 and 4 FTE, for a net increase of $12,000.

2. Other Changes - Increases include $97,000 to cover the cost of inflation for goods and services, $99,000 for rent increases and $11,000 for pay cut restoration are offset by $47,000 related to GS 11-15 reductions for a net increase $160,000.

PROPERTY MANAGEMENT

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing, $8,752,000 - for 308 work-years (FTEs) distributed as follows:

	1985	1986	1987
Central Office	30	30	30
Field Offices	278	278	278
Total Work-Years	308	308	308
Permanent Positions	299	299	299

12. Personnel Benefits, $1,292,000 - $605,000 for direct contribution to the Retirement Fund; $261,000 for health benefits; $57,000 for Medicare; $26,000 for group insurance; $106,000 employment/unemployment compensation; and $124,000 for FICA; and $113,000 for former employee benefits.

21. Travel and Transportation of Persons, $175,000 - $115,000 for management surveys, review of agency requirements, transportation functions and travel associated with training; and $60,000 for motor pool services.

22. Transportation of Things, $16,000 - for miscellaneous transportation charges and motor pool truckage.

23.1 Rent, $2,147,000 - for space costs payable to the Federal Buildings Fund.

23.3 Comm., Utilities, and Misc. Charges, $816,000 - $88,000 for general telephone; $123,000 for intercity costs (FTS); $11,000 teletype and telegraph services; $117,000 postage and related fees; $32,300 for data transmission; $105,000 for depreciation of administrative and operating equipment payable to the General Supply Fund; and $280,000 for amortization related to ADP equipment, and $60,000 for rental of ADP equipment.

24. Printing and Reproduction, $230,000 - $122,000 for property management schedules, catalogs and Federal Property Management Regulations; $108,000 for general printing and reproduction costs.

25. Other Services, $1,837,000 - $1,705,000 for commercial services, contract support, ADPE time/user services, and inter-agency related to ADP; $45,000 for payment to the Working Capital Fund; and $87,000 for payment to other GSA funds and other Government agencies.

26. Supplies and Materials, $231,000 - $49,000 for office supplies; $14,000 for supplies related to data systems activities, and $168,000 for operating supplies.

31. Equipment, $115,000 - $115,000 to purchase ADP equipment in support of Office Automation.

Excludes prorated amount of Service Direction. See Service Direction for distribution by object classification.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SERVICE DIRECTION (NON-ADD)

(Dollars In Thousands)

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount
Service Direction	286	$24,794	286	$25,932	182	$23,648	-104	$-2,284	-104	$-2,618	-	$+334
Distribution by Activities:												
Supply	245	$21,075	245	$22,040	147	$19,859	-98	$-2,181	-98	$-2,463	-	$+282
Transportation	19	$1,785	19	$1,868	17	$1,824	-2	$-44	-2	$-52	-	$+8
Property Management..............	22	$1,934	22	$2,024	18	$1,965	-4	$-59	-4	$-103	-	$+44

BACKGROUND

This activity provides executive leadership, management direction and nationwide support for a national supply program, and a Government-wide program for transportation/travel management, including transportation audits, and property management within the the Federal Supply Service. This program develops policy and provides nationwide support services in the areas of budget administration, financial management, data systems, management information systems and economic analysis.

EXPLANATION OF CHANGES, FY 1986 vs FY 1987

1. Program Changes - Decreases are $2,618,000 and 104 FTE related to overhead reductions.

2. Other Changes - Funding increases include $134,000 to cover inflationary costs for goods and services and $192,000 for rental rate increases, $8,000 for pay cut restoration.

All Service Direction resources are shown as distributed costs under each operating program activity for the three years. All costs not allocated to a specific program are included in this activity.

SERVICE DIRECTION

EXPLANATION OF DISTRIBUTION BY OBJECTS

11. Personnel Compensation and Staffing $7,161,000 - for 182 work-years (FTEs) distributed as follows:

	1985	1986	1987
Central Office	201	201	142
Field Offices	85	85	40
Total Work-Years	286	286	182
Permanent Positions	278	278	177

12. Personnel Benefits, $1,117,000 - $577,000 for direct contribution to the Retirement Fund; $249,000 for health benefits; $97,000 for Medicare; $25,000 for group insurance; $97,000 employment/unemployment compensation; and $72,000 for benefits for former employees.

21. Travel and Transportation of Persons, $237,000 - $170,000 for management surveys, regional inspections, overseas travel by key FSS officials, and executive conferences; and $67,000 for motor pool services.

22. Transportation of Things, $17,000 - for miscellaneous transportation charges and motor pool truckage.

23.1 Rent, $3,404,000 - for space costs payable to the Federal Buildings Fund.

23.3 Comm., Utilities, and Misc. Charges, $1,587,000 - $127,000 for general telephone; $159,000 for intercity costs (FTS); $18,000 teletype and telegraph services; $714,000 fees; $46,000 for data transmission; $434,000 for depreciation of administrative and operating equipment payable to the General Supply Fund; and $89,000 for ADP equipment rental.

24. Printing and Reproduction, $1,141,000 - $700,000 for general use printing $233,000 for Federal Property Management Regulations, Federal Register and the Code of Ethics; and $208,000 for mis cellaneous forms and reproduction costs.

25. Other Services, $8,921,000 - $8,604,000 for inter-agency services related to ADP; $66,000 for payment to the Working Capital Fund; $39,000 for commercial contracts; and $212,000 for payment to other GSA funds and other Government agencies.

26. Supplies and Materials, $63,000 - $44,000 for office supplies, technical pub lications, newspapers, and periodicals and $19,000 for supplies related to data systems.

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SUMMARY OF EMPLOYMENT

(Number of Workyears)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	Changes for 1987		
				Total Changes	Program Changes	Other Changes
PRINCIPAL CATEGORIES						
Managerial and Administrative Officers..........................	38	40	30	-10	-10	-
Program Management Budget/System Analysts..........................	194	196	186	-10	-10	-
Procurement Contracting/Purchasing..	764	805	785	-22	-22	-
Quality Assurance/Contract Spec. Chemists/Technicians..............	179	187	185	-	-	-
Inventory Management/Order Processing Specialists/Catalogers.	775	775	754	-21	-21	-
Warehouse worker/packer.............	768	473	212	-263	-263	-
Distribution Facilities Specialists/Supply Specialists....	149	149	99	-50	-50	-
Transportation/Travel Specialists...	125	196	196	-	-	-
Freight Rate Specialists............	-	108	108	-	-	-
Property Management Specialists.....	132	132	130	-	-	-
Clerical Staff/Program Support......	243	239	215	-24	-24	-
Sub-total	3,367	3,300	2,900	-400	-400	-
Part-time and Temporary.............	219	192	137	-55	-55	-
Total Workyears	3,586	3,492	3,037	-455	-455	-

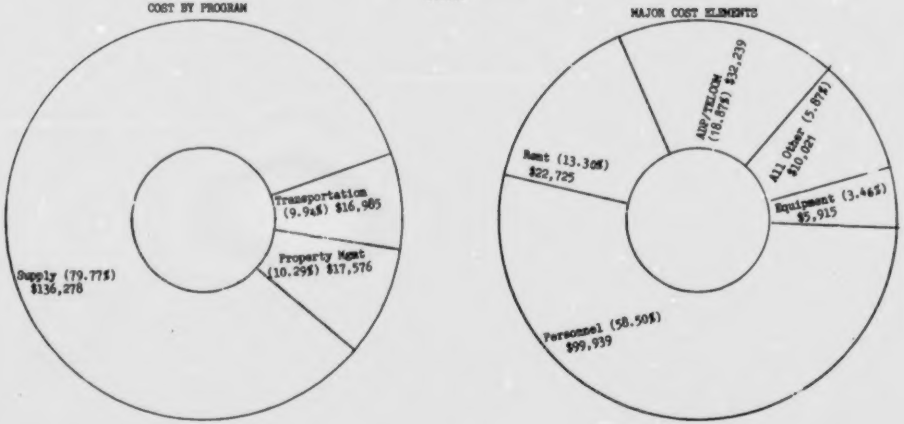
FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

SELECTED WORKLOAD DATA

	1985	1986	1987
SUPPLY			
CONTRACTS	10,176	8,785	8,195
PURCHASE ORDERS	448,069	461,511	475,356
DEPOT LINES	5,920,200	6,027,000	6,207,810
TONES ISSUED	499,442	578,300	533,849
SALES VOLUME ($000)			
STORES, REGULAR	$995,500	$1,118,000	$1,184,000
DIRECT DELIVERY	$86,800	$100,000	$107,000
SPECIAL ORDER	$918,700	$833,000	$883,000
TRANSPORTATION			
HOTEL/MOTEL PROPERTIES	4,300	5,700	6,100
VOLUMES ($000)			
FREIGHT TRANS. SVCS.	$145,700	$200,000	$220,000
AIRLINE CITY-PAIRS	$116,400	$220,000	$245,000
TRAVEL MGMT. CTRS.	$212,000	$240,000	$275,000
PROPERTY MANAGEMENT			
UTILIZATION TRANSFER ($000)	$615,000	$578,000	$578,000
DONATION AND SALES ($000)	$501,000	$422,000	$422,000

FEDERAL SUPPLY SERVICE
Operating Expenses (Direct Only)

MAJOR COSTS BY PROGRAM, BY COST ELEMENT
TOTAL = $170,839(100%)
$(000)


COST BY PROGRAM

MAJOR COST ELEMENTS

OPERATING EXPENSES, FEDERAL SUPPLY SERVICE

For expenses authorized by law, not otherwise provided for, necessary for supply distribution (including contractual services incident to receiving, handling and shipping supply items), procurement (including royalty payments), inspection, standardization, property management, and other supply management activities, transportation activities, transportation audits by inhouse personnel, utilization of excess and disposal of surplus personal property, and the rehabilitation of personal property including services as authorized by 5 U.S.C. 3109, [$163,257,000] $170,839,000.

Note: A regular 1986 appropriation for this account had not been enacted at the time this budget was prepared. A continuing resolution (Public Law 99-190) provides funds to the extent and in the manner provided for in the conference version of H.R. 3036, Treasury Postal Services, and General Government Appropriations Act, 1986, as amended by P.L. 99-190.

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

The language "......transportation audits by inhouse personnel", is added to reflect the transfer of this activity from the Salaries and Expenses, General Management and Administration Account.

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Work-Years	$ Amount
1986 Level of Reimbursable Services..........	460	$25,315
1987 Level of Reimbursable Services..........	409	$25,333
Change from 1986 to 1987..........	-51	$+18

DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1987

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount
Activities												
1. Supply												
Miscellaneous Reimbursable	20	$ 5,318	20	$ 5,068	20	$ 5,216	-	$+148	-	-	-	$+148
Export Operations..........	449	19,018	435	18,997	384	18,867	-51	-130	-51	$-690	-	+560
2. Seized & Forfeited Personal Property Centers..........	-	250	5	1,250	5	1,250	-	-	-	-	-	-
Total	469	$24,586	460	$25,315	409	$25,333	-51	$+18	-51	$-690	-	$+708
Permanent Positions..........	437		430		390		40		40		-	

BEST COPY AVAILABLE

343

FEDERAL SUPPLY SERVICE
Operating Expenses (Reimbursable Only)

SUMMARY JUSTIFICATION OF 1987 BUDGET ESTIMATES

This activity provides supply support services to other Government agencies on a reimbursable basis. The principal activities involve: (1) packing/packaging, and special handling of items to be shipped to overseas destinations within the export operations of Supply; (2) providing technical support services to the Government of Saudi Arabia for a joint U.S./Saudi Arabian project known as CENPRO, for centralized procurement; (3) operating the GSA Furniture Reclamation Center which provides agencies with rehabilitated furniture at a reduced cost; (4) providing for the printing of the Federal Travel Directory through a reimbursable agreement with the Military Traffic Management Command; (5) providing administrative support associated with the Foreign Military Sales Program; (6) providing support to FEMA in the form of storage and issuance of emergency items for use by State Governments; and (7) operating Seized and Forfeited Personal Property Centers and the Department of Energy Methanol Fuel Testing Program.

Authorizing Language

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies. The CENPRO supply management project is carried out under the auspices of the Joint Commission on Economic Cooperation and in accordance with the provisions of the Technical Cooperation Agreement between the Government of the United States and Saudi Arabia signed in 1975.

Explanation of Changes from 1986

Program Changes - Decreases of $267,000 and 51 FTE as a result of the A-76 studies on the supply depots and annualized rent reductions of $423,000 resulting from depot closures.

Other Changes - Increases in the amount of $241,000 for inflationary costs of goods and services and $467,000 to cover the cost of rate increases for rent.

Summary of Explanation of Changes from 1986 to 1987

	Supply Operations		Personal Property		Total	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Program Changes A-76 Depots/Closures	-51	$-267	-	-	-51	$-267
Annualized Rent Decreases	-	-423	-	-	-	-423
Other Changes						
Price Inflation	-	+241	-	-	-	+241
Rent Rate Increases	-	+467	-	-	-	+467
Total Changes in 1987	-51	$+18	-	-	-51	$+18

344

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11. Personnel Compensation and Staffing, $10,365,000 - for 409 work-years (FTEs) distributed as follows:

	1985	1986	1987
Central Office	20	20	20
Field Offices	449	440	389
Total Work-Years	469	460	409
Permanent Positions	437	430	390

12. Personnel Benefits, $1,575,000 - $726,000 for direct contribution to the Retirement Fund; $311,000 for health benefits; $43,000 for Medicare; $32,000 for group insurance; $82,000 for benefits for former employees; $146,000 employment/unemployment compensation; and $197,000 for FICA; and $38,000 for moving allowances.

21. Travel and Transportation of Persons, $193,000 - $187,000 for subsistence of employees overseas and $6,000 for motor pool services.

22. Transportation of Things, $192,000 - for miscellaneous charges, relocation of personnel and motor pool truckage.

23.1 Rent, $6,444,000 - for space costs payable to the Federal Buildings Fund.

23.3 Comm., Utilities, and Misc. Charges, $1,386,000 - $627,000 for general communication; $187,000 for intercity costs (FTS); $401,000 for postage and related fees; $171,000 for administrative and operating equipment.

24. Printing and Reproduction, $140,000 - for general printing.

25. Other Services, $3,502,000 - for payments to commercial contractors and other government agencies.

26. Supplies and Materials, $1,536,000 - for administrative supplies and operating materials.

FEDERAL SUPPLY SERVICE
Operating Expenses (Reimbursable Only)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	Changes for 1987		
				Total	Program Changes	Other Changes
PRINCIPAL CATEGORIES						
Distribution Facility Officers......	8	7	4	-3	-3	-
Supply Technician/Supply Specialists.	58	56	51	-5	-5	-
Traffic Management Specialists......	15	15	12	-3	-3	-
Warehousemen........................	79	79	66	-13	-13	-
Equipment Operators/Mechanics.......	75	73	67	-6	-6	-
Packers.............................	57	57	54	-3	-3	-
Supply/Shipping Clerks..............	89	89	84	-5	-5	-
Procurement Agents..................	6	6	6	-	-	-
Contract Administrators.............	10	10	10	-	-	-
Contract Specialists................	7	7	7	-	-	-
Property Utilization/Marketing Specialists........................	10	10	10	-	-	-
Secretary/Typist/Clerical...........	23	21	19	-2	-2	-
Sub-total	437	430	390	-40	-40	-
Part-time and Temporary.............	32	30	19	-11	-11	-
Total Workyears	469	460	409	-51	-51	-

346

FEDERAL SUPPLY SERVICE
EXPENSES OF TRANSPORTATION AUDIT CONTRACTS
AND CONTRACT ADMINISTRATION

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Work-Years	$ Amount
FY 1986 Budget Authority from transportation audit overcharges collected, Public Law 99-88	13	$5,200
FY 1987 Total Request from collections	13	$7,600
Total Change, FY 1986 to FY 1987	-	$+2,400

DIGEST OF BUDGET ESTIMATES BY ACTIVITY FOR FISCAL YEAR 1987

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount
Expenses of Transportation												
Audit Contracts	-	-	6	$5,000	6	$7,200	-	$+2,200	-	$+2,200	-	-
Contract Administration	-	-	7	200	7	400	-	+200	-	+200	-	-
Total Obligations	-	-	13	$5,200	13	$7,600	-	$+2,400	-	$+2,400	-	-
Collections	-	-	-	$43,000	-	$50,000	-	$+7,000	-	$+7,000	-	-
Permanent Positions	-		-		-		-		-		-	

Public Law 99-88 provides that expenses of Transportation Audit Contracts and Contract Administration activites shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds. Authority currently exists through September 30, 1989.

Legislation is proposed to provide permanent authority and to establish a limitation on transportation audit contractor payments and contract administration expenses at 40 percent of carrier overcharges collected. It is further proposed that, after making provision for audit contracts and contract administration expenses, the balance of the overpayments collected shall be transferred to miscellaneous receipts of Treasury. For fiscal year 1987, audit contract and contract administration expenses are estimated at $7.6 million and collections are estimated at $50.0 million. This is an increase in expenses of $2.4 million above the current authority.

347

FEDERAL SUPPLY SERVICE
EXPENSES OF TRANSPORTATION AUDIT CONTRACTS
AND CONTRACT ADMINISTRATION

EXPLANATION OF DISTRIBUTION BY OBJECTS CLASS

11. Personnel Compensation and Staffing, $145,000 - for 13 work-years (FTEs) distributed as follows:

	1985	1986	1987
Central Office	-	13	13
Field Offices	-	-	-
Total Work-Years	-	13	13
Permanent Positions	-	-	-

12. Personnel Benefits, $20,000 - $11,000 for direct contribution to the Retirement Fund; $5,000 for health benefits; $2,000 for Medicare; $1,000 for group insurance, $1,000 for FICA.

21. Travel and Transportation of Persons, $15,000 - for on-site contractor facility inspections on both a pre-award and post-award basis.

25. Other Services, $7,420,000 - Contractual services for transportation audit firms and expenses related to contract administration.

EXPENSES OF TRANSPORTATION AUDIT CONTRACTS AND CONTRACT ADMINISTRATION

(Proposed for later transmittal, proposed legislation)

For necessary expenses of transportation audit contracts and contract administration for which payment to any contractor shall not exceed 50 per centum of the overpayment identified by any contract audit. Provided, that expenses of transportation audit contracts and contract administration shall be financed from overcharges collected from carriers on transportation bills paid by the Government and other similar type refunds at not to exceed $7,600,000.

GENERAL SUPPLY FUND
(DOLLARS IN THOUSANDS)

A. Income/Cost Comparsion - Summary	1985 Actual	85 vs 86 Change	FY 1986 Program	86 vs 87 Change	FY 1987 Estimate
1. Total Income................	$2,354,474	$+37,026	$2,391,500	$+150,100	$2,541,600
2. Total Expenses..............	$2,353,624	$+37,876	$2,391,500	$+150,100	$2,541,600
3. Profit/(Loss)...............	$850	$-850	-	-	-
B. Net Outlays.....................	$-74,275	$-70,475	$3,800	$-3,800	-

DIGEST OF BUDGET ESTIMATES BY ACTIVITY - FISCAL YEAR 1987

	Obligations						Increases/Decreases					
	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount	Work-Years	$ Amount
1. Supply Operations												
Stores, Stock	26	$1,030,857	26	$1,114,000	26	$1,180,000	-	$+66,000	-	$+33,000	-	$+33,000
Stores, Direct Delivery...		93,059		100,000		107,000		+7,000		+3,500		+3,500
Special Order.............		988,162		833,000		883,000		+50,000		+25,000		+25,000
Export Operations.........		24,867		38,000		40,000		+2,000		+1,000		+1,000
2. Federal Fleet.............	868	$161,250	861	$170,700	861	$178,500	-	$+7,800	-	$+7,800	-	-
3. Administrative Equipment..	-	$4,603	-	-	-	-	-	-	-	-	-	-
4. Capital Outlay												
a) Supply Operations.....	-	$4,619	-	$13,700	-	-	-	$-13,700	-	$-13,700	-	-
b) Federal Fleet.........	-	$108,712	-	$156,000	-	$194,900	-	$+38,900	-	$+38,900	-	-
c) Administrative Equip..	-	$4,091	-	$8,500	-	-	-	$-8,500	-	$-8,500	-	-
Total Program Obligations.....	894	$2,420,220	887	$2,433,900	887	$2,583,400	-	$+149,500	-	$+87,000	-	$+62,500

Summary Explanation of Changes in Program Costs for Fiscal Year 1987

(Dollars in Thousands)

	Supply Operations		Federal Fleet		Admin. Equip.		Total	
	W Y	Amount	W Y	Amount	W Y	Amount	W Y	Amount
Program Changes								
1. Anticipated sales increases for stores, special orders, and export due to increased customer demand..................	-	$+62,500	-	-	-	-	-	$+62,500
2. Estimated increases to operating expenses due to Fleet Management initiatives....	-	-	-	$+7,800	-	-	-	$+7,800
3. Changes in Capital Outlay:								
a. Admin. Equipment............	-	-	-	-	-	$-8,500	-	$-8,500
b. Supply Operations Equipment.	-	$-13,700	-	-	-	-	-	$-13,700
c. Federal Fleet Management....	-	-	-	$+38,900	-	-	-	$+38,900
Total Program Changes...............	-	$+48,800	-	$+46,700	-	$-8,500	-	$+87,000
Other Changes								
1. Economic Adjustments for goods and services..............	-	$+62,500	-	-	-	-	-	$+62,500
Total Other Changes.................	-	$+62,500	-	-	-	-	-	$+62,500
Total Changes in 1987...............	-	$+111,300	-	$+46,700	-	$-8,500	-	$+149,500

FY 1987 BUDGET ESTIMATE

Background/Explanation of Programs

Purpose

The General Supply Fund finances, on a reimbursable basis, a national supply system of ordering supplies for direct delivery to agencies and a nationwide system of fleet management centers. Beginning in fiscal year 1987, administrative equipment will no longer be purchased through this fund. Users will expense all equipment purchased directly through the various appropriaton and revolving user accounts.

Authority

This Fund was originally authorized by Section 3 of the Act of February 27, 1929 (45 Stat., 1342; 41 U.S.C 7(c)), and then by Section 109 of the Federal Property and Administrative Services Act of 1949, as amended, when transferred to GSA. The originally authorized capital limitation of $75,000,000 was increased to $150,000,000 by Public Law 82-522, approved July 12, 1952; this limitation on authorized capital was removed by Public Law 87-372, approved October 4, 1961. Public Law 97-12, dated June 5, 1981, permits capitalization of surplus sufficient to maintain inventory levels.

Method of Operation

The General Supply Fund is a revolving fund and, as such, operates on a reimbursable basis. In the supply operations activity, the cost of supplies and materials, related transportation costs, and inventory adjustments is financed by the Fund and is reimbursed from available appropriations and funds of agencies receiving goods and services. The operating expenses not financed through the Fund are provided annually through the direct appropriation for the Federal Supply Service. In the fleet management activity, all direct costs related to the services provided are financed by the Fund. The reimbursements from agencies are based on rates established to recover the full cost of the service provided. The resources of the Fund are heavily invested in capital assets in two major areas: (1) inventory to support the supply depot operations and (2) vehicles to support the fleet management operations. The Fund operates on a breakeven basis and any surplus earnings, after making provisions for any prior years' losses and capitalization requirements, are required by law to be deposited in miscellaneous receipts of the Treasury.

The net operating results of the Fund are as follows:

	1985 Actual	1986 Program	1987 Estimate
Total Income ($Million)	$2,354.4	$2,391.5	$2,541.6
Total Expense ($Million)	$2,353.6	$2,391.5	$2,541.6
Total Profit/Loss-Operations ($Million)	$0.8	0.0	0.0

Capitalization

The Fund was originally capitalized for $300,000 in fiscal year 1930. Since that time, there have been twenty-three (23) increases in the capital appropriated to the Fund. The last such increase was in fiscal year 1981 in the amount of $150,000,000. No increase in appropriated capital is being requested in this Fund for fiscal year 1987.

PROGRAM LEVELS

1. Supply Operations - Supply Operations financed through this Fund are segmented into the following subactivities:

   a. Stores, Stock - Includes commodities which are of such common use by agencies as to warrant keeping them available through distribution facilities. These items are purchased in volume to maintain inventories at reasonable levels to support issues upon receipt of requisitions. In fiscal year 1987, stores stock sales are estimated to be $1,184.0 million. This represents an increase of $66.0 million from fiscal year 1986 estimated sales of $1,118.0 million.

   b. Stores, Direct Delivery - Includes stores items which are ordered for direct delivery from suppliers to the requisitioning agency. Direct delivery is used where the quantity of an item requisitioned is sufficiently large, or where direct delivery is otherwise advantageous, to save depot handling costs. In fiscal year 1987, stores direct delivery sales are estimated to be $107.0 million, an increase of $7.0 million over fiscal year 1986.

   c. Special Order - Includes commodities which are not of sufficiently common use or which otherwise do not warrant economical stocking in depots. These items are requisitioned by agencies to fill definite quantity requirements and are purchased for direct delivery to using agencies. In fiscal year 1986 special order sales are estimated to be $833.0 million and $883.0 million in fiscal year 1987.

   d. Export Operations - Includes special packaging, packing, and special handling of stores and non-stores items for shipment to overseas destinations, primarily in conjunction with DOD and AID programs. In fiscal year 1986, revenue from export operations is estimated to be $38.0 million and $40.0 million in fiscal year 1987.

2. Federal Fleet - Federal Fleet vehicle services are provided to Government agencies through a system of fleet management centers. Services are provided on both an assigned and dispatched vehicle basis. At the end of fiscal year 1985, vehicle sales were $264.5 million with an active fleet of 92,554 vehicles and 56 Federal Fleet Centers in operation. In fiscal year 1986, vehicle sales are estimated to be $298.3 million with an estimated active fleet of 97,000; and in fiscal year 1987, vehicle sales are estimated at $323.4, with an anticipated active fleet of 104,000 vehicles and 56 fleet management centers.

3. Administrative Equipment - Administrative equipment is purchased through this Fund for using activities through fiscal year 1986. Rental charges equivalent to depreciation are assessed to the various equipment user accounts. Reimbursement to the Fund is estimated to be $4.2 million in fiscal year 1986 and $4.2 million in fiscal year 1987. As a result of the Comptroller General Decision B-213771, Reimbursement of the General Supply Fund for Operating Equipment Purchases, dated July 7, 1984, administrative equipment will no longer be purchased through the Fund after fiscal year 1986. This account in fiscal year 1987 will have only depreciation expenses occurring from prior years' acquisitions. All subsequent purchases of administrative equipment commencing with fiscal year 1987 will be expensed directly in the various appropriation and revolving fund user accounts.

GENERAL SUPPLY FUND

Budget Estimates By Activity - Fiscal Year 1987
(Dollars In Thousands)

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
Activities	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount
Supply Operations	26	$2,136,945	26	$2,085,000	26	$2,210,000	-	$+125,000	-	$+62,500	-	$+62,500
Federal Fleet	868	$161,250	861	$170,700	861	$178,500	-	$+7,800	-	$+7,800	-	-

Funded operating expenses excluding depreciation.

SELECTED STATISTICS ($M)

		1986 Program In			
SALES LEVELS	1985 Actual	1986 Budget	1987 Budget	1987 Budget	Percent Increase Over 1986
SUPPLY OPERATIONS	$2,031.6	$1,814.0	$2,089.0	2,214.0	6.0%
FEDERAL FLEET	$264.5	$310.0	$298.3	323.4	8.4%

ACTIVITY JUSTIFICATION

SUPPLY OPERATIONS

Supplies and services are provided to government agencies on a cost reimbursable basis through a supply system encompassing both stock (depot and customer supply centers) and special order delivery methods. In Fiscal Year 1985 Supply Operations sales were $2,031.6 million with $2,089.0 million estimated for 1986 and $2,214.0 million estimated for 1987. Through improved inventory management practices GSA/FSS has been able to consistently minimize inventory levels while maintaining or increasing customer support. This is supported by the following table:

Fiscal Year	Average Inventory ($M)	Customer Support Volume Stock Sales ($M)
1983	259	879
1984	253	918
1985	254	996
1986 (EST)	260	1,118
1987 (EST)	265	1,184

FEDERAL FLEET

Federal Fleet vehicle services are provided to Government agencies through a system of interagency fleet management centers. Services are provided on both assigned and dispatched vehicle basis. In fiscal year 1985, vehicle sales were $264.5 million, with an active fleet of 92,554 vehicles. Vehicle sales are estimated to be $298.3 million in 1986 with an estimated active fleet of 97,000 vehicles and 56 interagency fleet management centers, and $323.4 million with an active fleet of 104,000 vehicles and 56 interagency fleet management centers in fiscal year 1987.

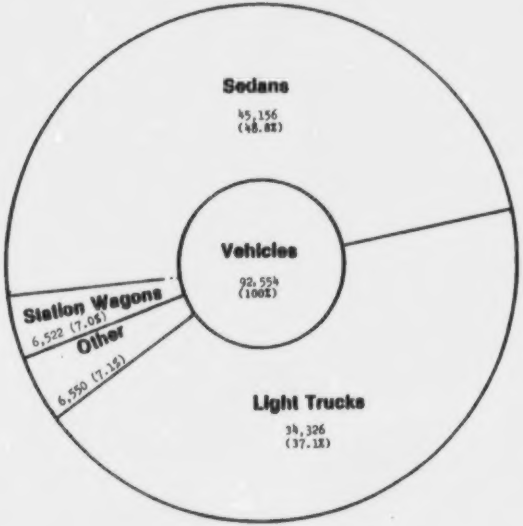
GSA has continued to modernize and enhance Federal Fleet operations expanding the management improvement plan implemented in fiscal year 1984. Among the new initiatives are:

- Field testing on the use of commercial bank issued credit cards to obtain repair and fueling services.
- Pursuing other agencies participation in the Maintenance Control Centers for their own vehicles.
- Introduction of state-of-the-art automated information systems designed to capture inventory, financial, and maintenance control data.

The primary initiative GSA will be pursuing in fiscal years 1986 and 1987 will be the conversion from a 6-year, 60,000-mile replacement standard to an alternative 3-year cycle. Over the past two years GSA has been conducting field tests of shortened replacement cycles for Federal passenger vehicles. Results of the test to date demonstrate that a shortened replacement is cost beneficial to the government. Proposed fiscal year 1986 and 1987 outlays reflect implementation of a shortened replacement cycle. Conversion to a 3-year replacement cycle can be accomplished with no additional increase in capitalization to the General Supply Fund.

In response to increased customer demand for Interagency Fleet System vehicle support, GSA is planning the consolidation of approximately 9,000 agency owned vehicles in fiscal years 1986 and 1987. The advantages these agencies find in relying on GSA are more fuel efficient vehicles, state-of-the-art information systems, better control over maintenance and management operations, and more economical transportation. We will negotiate necessary FTE realignment at the time of consolidation.

GSF - INTERAGENCY FLEET MANAGEMENT SYSTEM
COMPOSITION OF THE IFMS FLEET - FY 1985*



*Includes Government Owned and Leased Vehicles

ADMINISTRATIVE EQUIPMENT

(Dollars in Thousands)

	FY 1985		FY 1986		FY 1987		CHANGE	
	WY	AMOUNT	WY	AMOUNT	WY	AMOUNT	WY	AMOUNT
Administrative Equipment:								
1. Expenses/Depreciation	-	$3,268	-	$4,200	-	$4,200	-	-
2. Capital Outlay	-	$4,091	-	$8,500	-	-	-	$-8,500

BACKGROUND AND JUSTIFICATION

Administrative equipment includes office furniture, office machines, filing cabinets, and program equipment. Administrative equipment is purchased through this Fund for GSA and Congressional using activties through FY 1986. User charges equivalent to depreciation are assessed to the various equipment user accounts. As a result of Controller General decision B-213771 - Reimbursement of the General Supply Fund for Operating Equipment Purchases, administrative equipment purchases will be discontinued in FY 1987. Depreciation will continue to accrue on purchases prior to FY 1987. Beginning in 1987, equipment purchases will be made and expensed directly through the various appropriations and revolving fund user accounts.

SELECTED WORKLOAD DATA
(Dollars in Millions)

Activity and Principal Workload Factors	1985 Actual	1986 Program In: 1986 Budget	1986 Program In: 1987 Budget	1987 Budget	Change Over 1986
Sales Levels					
1. Supply Operations					
a. Stores, Stock	$995.5	$1,129.0	$1,118.0	$1,184.0	5.9%
b. Stores, Direct Delivery	86.8	97.0	100.0	107.0	7.0%
c. Special Orders, Direct Delivery	918.7	654.0	833.0	883.0	6.0%
d. Export Operations	30.6	36.0	38.0	40.0	5.3%
2. Federal Fleet Operations	264.5	310.0	298.3	323.4	8.4%
3. Administrative Equipment	3.3	4.2	4.2	4.2	0.0%
TOTAL	$2,299.4	$2,230.2	$2,391.5	$2,541.6	6.3%

GENERAL SUPPLY FUND

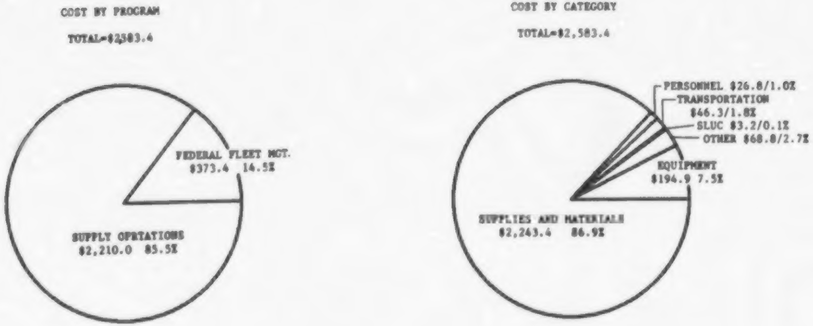
SUMMARY OF EMPLOYMENT

(Number of Workyears)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	Changes For 1987 Total Changes	Changes For 1987 Program Changes	Changes For 1987 Other Changes
PRINCIPAL CATEGORIES						
Management/Program/Budget/Analysis..	42	42	42	-	-	-
Motor Transportation Officers.......	77	77	77	-	-	-
Motor Transportation Specialists/ Assistants.........................	39	42	42	-	-	-
Transportation Operation Specialists	50	50	50	-	-	-
Auto Equipment Repair Inspectors....	104	102	102	-	-	-
Mobile Equipment Repair Inspectors..	94	94	94	-	-	-
Automotive Mechanics/Workers........	259	259	259	-	-	-
Motor Vechicle Utilization Operators	44	44	44	-	-	-
Transportation/Motor Pool Clerks....	34	27	27	-	-	-
Data Transcribers...................	3	10	10	-	-	-
Material Sorters....................	16	16	16	-	-	-
Warehousemen/Packers/Supply Clerks..	10	10	10	-	-	-
Secretary/Typist/Clerical...........	82	79	79	-	-	-
Sub-total	854	852	852	-	-	-
Part-time and Temporary.............	40	35	35	-	-	-
Total Workyears	894	887	887	-	-	-

FY 1987 GSF OBLIGATIONS

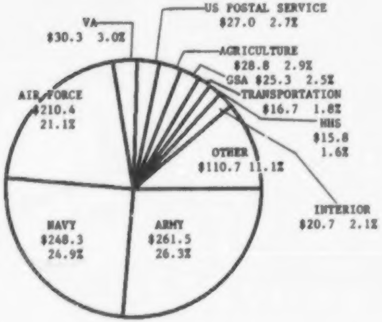
BY PROGRAM, BY COST CATEGORY
(Dollars in Millions)



GENERAL SUPPLY FUND

TOP TEN SALES TO CUSTOMER AGENCIES
(DOLLARS IN MILLIONS)

STORES REGULAR SALES
$995.5



ANNUAL
FINANCIAL
REPORT

FS-315-OAD

GENERAL
SUPPLY
FUND

Symbol 47X4530

Principal Officials

TERENCE C. GOLDEN
ADMINISTRATOR
GENERAL SERVICES
ADMINISTRATION

DONALD C. J. GRAY
COMMISSIONER
OFFICE OF FEDERAL
SUPPLY SERVICE

SEPTEMBER 30, 1985

GENERAL SERVICES ADMINISTRATION
OFFICE OF THE COMPTROLLER
OFFICE OF FINANCE

361

GENERAL SUPPLY FUND

Financial Report

September 30, 1985

TABLE OF CONTENTS

	Exhibit	Page
Background		1
Financial Profile		2 - 3
Consolidated Balance Sheet	A	4 - 5
Consolidated Income Statement	B	6 - 7
Consolidated Statement of Changes in Financial Position	C	8 - 9
Consolidated Statement of Changes in Equity of U. S. Government	D	10 - 11
Notes to Financial Statements		12 - 16
Responsibility for Financial Statements		17

Financial Profile

During Fiscal Year (FY) 1985, the General Supply Fund (GSF) maintained a stable, overall financial position. Working capital at September 30, 1985 was $543.1 million, compared to $504.7 million at September 30, 1984, a modest 7% increase totaling $38.4 million. Net gain for FY 1985 before cumulative effect, was $57.3 million, compared to $59.1 million for FY 1984. This signifies that the normal program operations of the GSF operated on a fairly consistent basis compared to the previous fiscal year.

Expenditures for the procurement of new property and equipment during FY 1985, were sharply lower when compared to the previous year, $117.4 million versus $173.4 for FY 1984. The difference of $56 million results from the following:

(1) The Deficit Reduction Act of 1985 reduced the GSF's capital outlay authority by $31 million.

(2) Capital outlays for 1984 were $25 million more than originally budgeted, to secure an opportunity acquisition of new motor vehicles.

The Administrative Equipment Program disposed of equipment with an approximate book value of $4.5 million during the fiscal year. The National Archives broke away from GSA in FY 1985, becoming a separately funded government entity, and purchased at book value, all administrative equipment in their possession. In addition, adoption of a GAO principle to capitalize administrative equipment with a three hundred dollar threshold value was adopted. All GSA Services using administrative equipment, having a book value of three hundred dollars or less were billed for the equipment's book value. Commencing in FY 1987, the funding and procurement of all administrative equipment will be independently accomplished by each Service and the Administrative Equipment Ledger will be closed out.

GENERAL SUPPLY FUND

BACKGROUND

The General Supply Fund (GSF) was established under authority of the Federal Property and Administrative Services Act of 1949. Initial capitalization of the Fund was composed of the assets of the General Supply Fund created by Section 3 of the Act of February 17, 1929, (45 Stat. 1342; 41 U.S.C. 7c), and transferred to the Administrator of GSA by the Act of 1949.

Financial transactions of the Fund are reported to the Department of the Treasury under Fund Symbol 47X4530. For internal accounting purposes, the Fund is segregated into three separate subsidiaries which are Supply Operations, Motor Pool, and Administrative Equipment.

Revenues for the Direct Delivery programs of Supply Operations increased significantly, from $705 million in FY 1984 to $1 billion in FY 1985. This increase can be attributed to the following:

(1) An unusually large purchase of furniture by the Department of State from the Direct Delivery-Non Stores program,

(2) FSS management's continued efforts to promote its direct deliveries-stores sales by offering a 10% discount, so that depot inventory levels can be kept to a minimum.

The Office of Federal Supply and Services (FSS) cut off its FY 1985 operations, three days early to accommodate a conversion of accounting systems for FY 1986. The last three days of FY 1985 business will be accounted for and included in FY 1986.

The GSF will be allowed to retain as permanent equity $6 million of the earnings generated in FY 1985. This amount represents additional funds needed by FSS to maintain current inventory levels as a result of inflation.

LEROY P. BOUCHER
Director of Finance

GENERAL SUPPLY FUND
Consolidated Balance Sheet
(In Thousands)
As of September 30

ASSETS	1985	1984
Current Assets:		
Funds with U. S. Treasury	$ 243,688	$ 255,224
Accounts Receivable (Note 2)	157,802	161,938
Inventories: (Note 1B, 3)		
Held for Sale	245,399	262,323
In-Transit	6,043	19,777
Operating Supplies	685	932
Advances to Others (Note 6)	96	173
Prepaid Expenses	-0-	2,657
Total Current Assets	653,713	703,024
Property and Equipment: (Note 1C, 4)		
Operating Equipment	29,768	23,662
Administrative Equipment	34,316	56,729
Motor Vehicle	720,611	663,756
Less: Accumulated Depreciation and Amortization	(407,917)	(375,345)
Total Property and Equipment	376,778	368,802
Total Assets	$1,030,491	$1,071,826
LIABILITIES		
Current Liabilities:		
Accounts Payable (Note 5)	$ 106,548	$ 138,126
Earnings Payable - U.S. Treasury (Note 1D)	850	55,807
Advances from Others (Note 7)	2,531	2,708
Deferred Income	37	47
Unapplied Deposit Fund	602	1,599
Total Current Liabilities	110,568	198,287
Long-Term Liabilities:		
Annual Leave Liability (Note 1E)	1,939	2,136
Total Long-Term Liabilities	1,939	2,136
Total Liabilities	$ 112,507	$ 200,423

Exhibit A (Cont'd)

INVESTMENT OF U.S. GOVERNMENT

	1985	1984
Retained Earnings: (Note 1G)		
Cumulative Results of Operations	$ 6,616	$ 3,140
Provision for Unamortized Annual Leave Liability (Note 1F)	1,939	2,136
Capitalized Surplus	43,159	40,019
Total Retained Earnings	$ 47,836	$ 41,023
Capital	727,248	726,480
Invested Capital in Motor Vehicles (Note 1F)	142,900	103,900
Total Investment of U. S. Government	$ 917,984	$ 817,403
Total Liabilities and Investment of U.S. Government	$1,050,491	$1,071,826

The accompanying notes to financial statements are an integral part of the above statement.

369.

Exhibit B

GENERAL SUPPLY FUND

Consolidated Income Statement
(In Thousands)

For Fiscal Year Ended September 30

	1985	1984
Sales		
Supply Operations:		
Depot	$ 855,283	$ 819,655
Self-Service Stores	84,978	68,056
Fuel Yard	23,820	26,870
Direct Deliveries - Stores	86,777	73,124
Direct Deliveries - Nonstores	918,609	632,342
Export and Other Special Activities	30,582	32,558
Credit Returns Program	1,547	1,676
Furniture Reclamation Center	2,110	1,693
Personal Property Sales Centers	42,233	32,727
Miscellaneous	885	858
Total Supply Operations	2,046,824	1,689,559
Motor Pools	264,183	236,610
Administrative Equipment	3,258	3,519
Total Sales	2,314,265	1,929,688
Cost of Sales		
Supply Operations:		
Depot	817,467	799,874
Self-Service Stores	81,963	63,775
Fuel Yard	23,228	27,100
Direct Deliveries - Stores	86,598	73,197
Direct Deliveries - Nonstores	919,439	633,007
Export and Other Special Activities	24,867	22,978
Credit Returns Program	904	763
Furniture Reclamation Center	1,885	2,121
Personal Property Sales Centers	42,233	32,727
Miscellaneous	3,565	1,429
Total Supply Operations	2,002,149	1,656,971
Motor Pools (Note 8)	262,741	233,217
Administrative Equipment	3,867	3,539
Total Cost of Sales	2,268,757	1,893,727

Exhibit B (cont'd)

	1985	1984
Gain or (Loss)		
Supply Operations	44,675	32,588
Motor Pools	1,442	3,393
Administrative Equipment	(609)	(20)
Total	45,508	35,961
Other Income and Other Expense	11,891	23,185
Net Gain or (Loss) before Cumulative Effect	57,399	59,146
Cumulative effect of adoption of accounting principles prescibed U. S. General Accounting Office (Note 9)	(1,291)	-0-
Writeoff of Non-Recurring Costs (Note 10)	(17,597)	-0-
Net Gain or Loss for Period	$ 38,511	$ 59,146

The accompanying notes are an intergral part of the above statement.

Exhibit C

GENERAL SUPPLY FUND

Consolidated Statement of Changes in Financial Position
(In Thousands)

For the Fiscal Year Ended September 30

	1985	1984
SOURCE OF FUNDS:		
OPERATIONS:		
Gross Revenues	$2,346,243	$1,936,350
Expenses	2,307,944	1,877,204
Excess of Revenues Over Expenses	$ 38,299	$ 59,146
Items Not Affecting Working Capital:		
Depreciation Expense	$ 81,265	$ 77,077
Equipment Replacement Cost Expense	39,000	37,000
Accrued Annual Leave Expense	(197)	(198)
Prior Year Adjustments and Writeoff of Assets	12,024	(9)
Current Year Adjustments and Writeoff of Assets	8,035	2,367
Inventory Adjustments	149	384
Other	14,581	301
Total	$ 154,857	$ 116,922
Total Funds Provided by Operations	$ 193,156	$ 176,068
Sales of Property and Equipment	25,194	26,284
Additional Capital:		
Intrafund Transfers	(13,544)	16,155
Total Source of Funds	$ 204,806	$ 218,507
APPLICATION OF FUNDS:		
Purchase of Property and Equipment:		
ADP Equipment	$ 8,771	$ 7,670
Motor Vehicles	108,473	165,338
Total	$ 117,244	$ 173,008

BLANK PAGE

BLANK PAGE

BLANK PAGE

Exhibit C (Cont'd)

	1985	1984
Deficit Reduction Act monies returned to U. S. Treasury	$ 30,848	$ -0-
Transfer of Retained Earnings	17,455	16,266
Provision for Earnings Payable to U. S. Treasury	$ 850	$ 55,807
Total Application of Funds	$ 166,397	$ 245,081
Net Change in Working Capital	$ 38,409	$ (26,574)
CHANGES IN COMPONENTS OF WORKING CAPITAL:		
Current Assets:		
Funds with U.S. Treasury	$ (12,379)	$ 15,154
Accounts Receivable	(3,292)	(86,836)
Inventories:		
Operating Supplies	(247)	(566)
Held for Sale	(30,658)	13,502
Advances to Others	(77)	(737)
Prepaid Expenses	(2,657)	1,122
Current Liabilities:		
Unapplied Collections	(998)	-0-
Accounts Payable	(31,578)	26,121
Deferred Income	(10)	(728)
Advances from Others	(176)	2,898
Earnings Payable to U. S. Treasury	(54,957)	3,496
Net Change in Working Capital	$ 38,409	$ (26,574)

The accompanying notes are an integral part of the above statements.

371

Exhibit D

GENERAL SUPPLY FUND

Consolidated Statement of Changes in Equity of U. S. Government
(In Thousands)

As of September 30

	1985		1984	
Appropriated Capital:				
Beginning of Period	$442,750		$442,750	
Additions	-0-		-0-	
Balance End of Period		$442,750		$442,750
Donated Capital:				
Beginning of Period	198,245		194,918	
Additions	1,226		3,327	
Reductions	-0-		-0-	
Balance End of Period		199,471		198,245
Invested Capital in Motor Vehicles:				
Beginning of Period	103,900		66,900	
Additions	39,000		37,000	
Balance End of Period		142,900		103,900
Reserve for Donated Assets - DOD:				
Beginning of Period	9,835		9,894	
Reductions During Period	458		59	
Balance End of Period		9,377		9,835
Retained Earnings:				
Beginning of Period		3,141		4,831
Profit for the Period		38,511		59,146
Provision for Unamortized Annual Leave		(197)		(198)
Total		41,455		63,779

Exhibit D (Cont'd)

	1985	1984
Deficit Reduction Act monies returned to U.S. Treasury	30,848	-0-
Portion of Retained Earnings transferred to Capitalized Surplus	3,141	4,831
Portion of current profit payable to U. S. Treasury	850	55,807
Balance of Retained Earnings as of September 30	$ 6,616	$ 3,141

The accompanying notes are an integral part of the above statement.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Basis of Accounting

The accrual basis of accounting as set forth in the Budget and Accounting Procedures Act of 1950, is applied in recognizing in the books and records of account for the GSP, the significant and accountable aspects of financial transactions as they occur. Generally, the accrual basis of accounting is applied in the recognition of income when the services are rendered or the sale is consummated and expenses are recorded upon receipt of goods or services.

B. Inventories

Depot Inventories are generally valued at the average cost price. The average cost price is recalculated each time a receipt is recorded in the inventory record. Statistical sampling or physical inventory methods are employed annually to support the recorded values. All other inventory categories are valued at acquisition cost plus transportation charges.

C. Property and Equipment

Motor vehicles are recorded at cost or replacement value depending on the date of acquisition. Vehicles acquired before October 1, 1979, are recorded at cost including transportation charges and any discounts allowed. Vehicles acquired after October 1, 1979, are initially recorded at cost but are revalued each year to their replacement value. Replacement value is defined as the original cost of the vehicle plus any cost increases.

Other Property and Equipment is recorded at cost, including transportation charges, installation charges, and any discounts allowed. Periodic physical counts of property and equipment are made to verify the existence of the assets and the accuracy of the related accounting records. Depreciation is calculated on a straight-line basis to distribute cost evenly over the useful life of the assets. Gains or losses on sale or retirement of assets are reported as other expense.

D. Earnings Payable to U. S. Treasury

Current year earnings in excess of amounts to be retained are recorded as a current liability. This payment is required by Section 109(E) of the Act of 1949 and will be covered to the Treasury as a miscellaneous receipt during the first quarter of the ensuing fiscal year.

E. Annual Leave Liability and Provision for Unamortized Annual Leave

The annual leave liability represents the value of unused annual leave which may become due and payable in future years. At the time of its recording, no obligation is incurred. The associated expense is accounted for in an unfunded expense account and at yearend closed to an equity account, Provision for Unamortized Annual Leave.

F. Invested Capital in Motor Vehicles

Under authority of Public Law 95-506, dated October 24, 1978, the capitalized value of motor vehicles is adjusted to record increased costs of vehicles. Equity arising from the write-up of motor vehicles is recorded initially as a provision during the fiscal year, and reclassified as invested capital at year end, since the provision funds were used for vehicle procurement.

G. Retained Earnings

Represents that portion of earnings which are retained as permanent equity of the Fund under authority of Public Law 96-12, dated June 5, 1981. The amount to be retained is calculated based on statistics published by the Department of Labor, Bureau of Labor Statistics, and is intended to cover upward price movements of existing levels of inventory.

375

Note 2. Accounts Receivable

At September 30 receivables consist of the following:

	1985	1984
Billed	$ 98,973	$ 97,094
Unbilled	59,362	65,474
Subtotal	158,335	162,568
Less: Allowance for Doubtful Accounts	533	630
Total	$ 157,802	$ 161,938
Trade	$ 4,251	$ 4,400
Government	153,551	157,538
Total	$ 157,802	$ 161,938

Note 3. Inventories

At September 30 inventories consist of the following:

	1985	1984
Depot	$ 239,007	$ 257,393
Intransit	6,043	19,777
Excess	2,018	2,691
Operating Supplies	685	932
Other	4,374	2,239
Total	$ 252,127	$ 283,032

376

Note 4. Property and Equipment

At September 30 property and equipment consist of the following:

	1985	1984
Motor Vehicles	$720,609	$663,756
Less: Depreciation	372,393	323,209
Net Motor Vehicles	$348,216	$340,547
Administrative Equipment	$ 34,316	$ 56,729
Less: Depreciation	21,850	40,869
Net Administrative Equipment	$ 12,466	$ 15,860
Operating Equipment	$ 29,769	$ 23,662
Less: Depreciation	13,673	11,267
Net Operating Equipment	$ 16,096	$ 12,395
Total	$376,778	$368,802

Note 5. Accounts Payable

At September 30 payables consist of the following:

	1985	1984
Trade	$ 87,590	$108,404
Government	18,958	29,722
Total	$106,548	$138,126

Note 6. Advances to Others

At September 30 advances to others consist of the following:

	1985	1984
To Employees (Travel)	$ 96	$ 173
To Contractors	-0-	-0-
Total	$ 96	$ 173

Note 7. Advances from Others

At September 30 advances from others consist of the following:

	1985	1984
From Other Agencies or Funds	$1,921	$1,780
From Contractors	610	928
Total	$2,531	$2,708

Note 8. Long-Term Leases

FSS entered into three long-term leases covering approximately 8,000 vehicles. The leases, essentially similar in terms, are for a period of four years, terminable at the lessee's option on their anniversary dates. The lessee's liability is for the monthly lease costs and the capitalized residual value. The capitalized residual value is determined by writing off 1.5% of the capitalized value for each month the lease is in effect. Lease payments for FY 1985 were $14.9 million, maximum future liability under the leases at September 30, 1985, is $106.3 million.

Note 9. Cumulative Effect

The cumulative effect consists of writeoffs of federal accounts receivable, determined to be uncollectable. This writeoff policy for federal accounts receivable, was adopted as a new accounting policy in FY 1985, in accordance with the revised Title 2, issued by the U. S. General Accounting Office.

Note 10. Writeoff of Non-Recurring Costs

The writeoff of non-recurring costs consists of a one time writeoff of non-recurring items totaling $17.6 million, as follows:

Inventory	$3.9
Equipment	2.4
Advances	.1
Accounts Receivable	6.8
Accummulated Depreciation	.4
Accounts Payable	4.0

RESPONSIBILITY FOR FINANCIAL STATEMENTS

All information contained in this annual report, including the financial statements of the General Supply Fund, has been prepared by the Office of Finance, which is responsible for the accuracy and internal consistency of the information. In carrying out this responsibility, we have followed those generally accepted accounting principles which we believe to be most appropriate in the circumstances and have made reasonable and prudent judgements where necessary.

The General Services Administration operates under a system of internal accounting controls designed to provide reasonable assurance that its financial records are accurate, that the assets of the Agency are protected and that the financial statements present fairly the position and results of operations of the various funds under the Administrator's control.

OFFICE OF FINANCE

BLANK PAGE

WEDNESDAY, MARCH 12, 1986.

FEDERAL PROPERTY RESOURCES SERVICE

WITNESS

EARL E. JONES, COMMISSIONER

Mr. ROYBAL. The Committee will come to order and we will hear from the Federal Property Resources Service.

Mr. Jones, would you proceed in any manner that you may desire.

Mr. JONES. I am pleased to be here today to discuss the request for Fiscal Year 1987. First I would like to introduce Mr. Jack Cannon, my Director of Program Support; Mr. Wayne Kulig, Assistant Commissioner for the Office of National Defense Stockpile; and Mr. Jim Buckley, Acting Assistant Commissioner for the Office of Real Property.

In the interest of time, we would like to submit our formal statement for the record.

Our Operating Expenses budget request for fiscal year 1987, with a slight increase for the cost of doing business, and a decrease due to consolidation of the two offices responsible for the National Defense Stockpile into one, is virtually the same as our fiscal year 1986 approved level.

In FY 1987, acquisitions for the National Defense Stockpile will be made from existing balances of the National Defense Stockpile Transaction Fund. We would be pleased to answer any questions you may have.

[The prepared statement of Mr. Earl E. Jones follows:]

OPENINGS STATEMENT
EARL E. JONES, COMMISSIONER
FEDERAL PROPERTY RESOURCES SERVICE

Mr. Chairman and Members of the Committee:

I am pleased to appear before this Committee to present the FY 1987 budget for the Federal Property Resources Service (FPRS). The "Operating Expenses" appropriation for which I am requesting funding includes the Offices of National Defense Stockpile , and Real Property. No additional obligational authority is being requested for FY 1987 for the National Defense Stockpile Transaction Fund.

OPERATING EXPENSES

The request of $40,975,000 for the Operating Expenses appropriation is 1.5% ($628,000)less than the $41,603,000 operating level for FY 1986. This net amount is composed of an increase of $244,000 for SLUC (Rent) charges, an increase of $20,000 for restoration of pay reduction funds, an increase of $913,000 for increased costs of goods and services, an increase of $70,000 for office automation equipment and an increase of $61,000 due to an increase in employees' compensation costs. These increases are offset by decreases of $280,000 for personnel costs relating to a consolidation of two Stockpile program offices into one, $53,000 for GS/GM 11-15 grade reductions, and a net $1,603,000 carryover of FY 1985 resources. By program, the $40,975,000 contains a request of $11,563,000 for Real Property, and $29,412,000 for National Defense Stockpile.

I would like to briefly describe the programs funded by this Operating Expenses request. First, the stockpile program. GSA has been in the Stockpile business since it was formed on July 1, 1949.

Currently, the authorities for management of the National Defense Stockpile, including acquisition, disposal, exchange, barter, storage and rotation, are contained in Section 6 of the Strategic and Critical Materials Stock Piling Act of 1979, P.L. 96-41, dated July 30,1979, (Policy Act), and delegated to GSA by Executive Order 12155. The Federal Property Resources Service is tasked to manage the program for GSA, including the management of the National Defense Stockpile Transaction Fund.

The recently consolidated Stockpile activities are conducted under the program heading (in the OE, FPRS appropriation): National Defense Stockpile.

- **National Defense Stockpile**

  Responsibilities for this activity include commodity acquisition, storage, inventory, quality assurance, transportation, handling, packaging, upgrading, refining, security and readiness of the materials in the National Defense Stockpile as well as the disposal of material excess to stockpile goals. Intensive research is conducted into those commodity markets for all materials where acquisition and disposal activity is anticipated. Technical, economic and marketing data is collected, analyzed, and used to make decisions on day-to-day implementation of the program. Stockpiled commodities are stored at 109 different locations throughout the country with varying requirements for security and safety. Because of the cyclical nature of the acquisition and disposal activities, stockpile management funds are requested for two years as authorized in the Policy Act. A net decrease of $777,000 is requested for this area. This is comprised of an increase of $826,000, most of which is for increased space and the cost of goods and services, offset by a reduction of $1,603,000 associated with carryover of FY 1985 resources.

The remaining program funded by the Operating Expenses, FPRS appropriation is:

- Real Property

  This program promotes maximum utilization of real property by Federal agencies, transfer of excess real property among agencies, and disposal of surplus real property by sales, exchanges, leases, permits, assignments, or transfers as well as the protection and maintenance of excess and surplus real property pending its disposition. Proceeds from the sales of real property are deposited principally into the Land and Water Conservation Fund, administered by the Department of Interior, which authorizes appropriations for expenses for the Real Property Disposal Program. A minimal increase of $149,000 is requested in this program.

This program is a revenue generating activity which, over the years, has constantly generated cash income to the United States well in excess of the amount of funds expended to conduct the program. An Administration goal is to improve the management of the Federal Government's real estate assets. The timely disposal of unneeded Federal property together with a maximum return from the sale of such property enhances efforts to accomplish the Administration's goal. Continued high levels of revenue anticipated from this initiative and the resources required to support this expanded program are included in this budget request.

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

The Transaction Fund is the account into which the proceeds of sales of excess National Defense Stockpile commodities are deposited. The resources of the Fund are then used for acquisition of needed commodities, including transportation and other related costs. Receipts from the sale of excess commodities and other sources covered into the Transaction Fund from its inception in 1979, through January 1986, were $854 million. In 1987 pending approval of authorizing legislation, disposal receipts of $250 million are expected and an acquisition program of $30 million is anticipated. In addition to the acquisition and disposal programs, $20 million in grants for strategic materials research was approved in FY 1986.

FPRS also manages the **William Langer Jewel Bearing Plant Revolving Fund.** This contractor-operated plant, located in Rolla, North Dakota, the only domestic facility of its kind, produces jewel bearings for sale to Government agencies and their contractors, and to GSA for the National Defense Stockpile. Plant operations are financed by proceeds from sales under a revolving fund which operates on a break-even basis.

Mr. Chairman, these are the FPRS programs for FY 1987. I thank you for the opportunity to make these remarks. I will be glad to answer any questions you or the Committee may have.

INCREASES AND DECREASES

Mr. **Roybal**. I notice from your budget that under Gramm-Rudman there is a reduction of $1.8 million. But in the overall there is an increase in 1987 over 1986 of $2.8 million. Does it seem a coincidence that the figures are so close, with $1 million almost rounded off. What is the situation?

Mr. **Jones**. Mr. Chairman, I would like to explain our budget request as it existed before Gramm-Rudman reductions and the impact after Gramm-Rudman reductions.

Before Gramm-Rudman, our budget for FY 1986 was $41,603,000. That included $40 million from newly appropriated funds plus a carry over of $1,603,000. If we deduct our request of $40,975,000 for FY 1987, we are actually requesting $628,000 less than the total available funds last year.

After the Gramm-Rudman cut which is $1,892,000, our availability for FY 1986 will be $38,108,000. What we are going to have to do in order to live with that reduction is defer a number of projects, particularly in the stockpile area.

If we receive the request that we are asking for in FY 1987, it will basically bring us back to the level of our initial appropriation request in FY 1986. We feel as though we have, for FY 1987, the resources to perform stockpile projects that we need to undertake. Examples of these projects are: repair of storage pads and oil pile covers, repackaging commodities, and upgrading our commodities as necessary.

Mr. **Roybal**. What, in fact, does the failure to make available funds for the acquisition material for the stockpile have on your operations?

Mr. **Jones**. We require no additional obligational authority for acquisitions, as we have sufficient authority available now to accomplish our acquisition program.

Mr. **Roybal**. Will these cutbacks in any way affect security for items in the stockpile or have any other adverse effects on the stockpile in general?

Mr. **Jones**. What we are doing is prioritizing. In the area of security, our budget contemplates a funding level of about $1.6 million. That is slightly above our request for last fiscal year which was in the neighborhood of $1.5.

We are going to have to prioritize, but we will not jeopardize the security of the stockpile.

Mr. **Roybal**. You are, no doubt, satisfied with the physical condition of items in the stockpile. You are certain that is well handled. But how certain are you that the inventory levels in your books are accurate?

Mr. **Jones**. We have maintained an accurate count on our inventory through computerized operations. We feel very certain that the inventory is accurate.

Mr. **Roybal**. I am still worried about the additional $1 million that you are requesting for 1987 over 1986. What would happen if this Committee did not agree with you on that additional million?

Mr. **Jones**. If you do not agree with us on that million, we will have to defer the stockpile projects. There would also be an impact on the disposal of real property. We are attempting to accelerate the disposal of real property which will reduce our requirements for protection and maintenance of the property awaiting disposal. We would have to examine each property closely with regard to protection and maintenance.

EXCESS SURPLUS PROPERTY

Mr. **Roybal**. This Committee is interested in your current method of determining what federal property could be classified as excess and what is the procedure for transferring that property between agencies or disposing of it. Can you give us a summary?

Mr. **Jones**. First of all, I would like to define for you what is excess and what is surplus. Excess means a particular Federal agency has no requirement for the property.

Mr. **Roybal**. I know of some properties that particular agencies have not had any requirement for and they were not excess property last year but they are excess property now. And that is what I want to know. Why the difference?

Mr. **Jones**. We conduct a survey program to identify property that we think should be released by the Federal government and reported excess for disposal. The primary objective of that program is, in fact, to work with agencies to identify property so that it can be released.

Mr. **Roybal**. Would you not also say that there are other incidents that are developing as you go along? [Laughter.]

Mr. **Jones**. Oh, there surely are. They come from all directions. [Laughter.]

Mr. **Skeen**. That was a diplomatic response. [Laughter.]

Mr. **Roybal**. And therefore the end result is, I would say, even an excess number of excess properties are now being made available.

Mr. **Jones**. An excess number of excess properties? We think there are a large number of properties being held by agencies that could be released. Agencies are, in fact, reluctant to report properties excess.

While the number of properties in the inventory has increased, they are of nominal value. We are looking for properties of significant value. It is very difficult to persuade and motivate agencies to report more high-value property excess.

Mr. **Roybal**. Mr. Skeen.

AGENCY INCENTIVE

Mr. **Skeen**. Thank you, Mr. Chairman. That was very interesting. Probably the biggest obstacle you have is the body that is sitting here talking about these things. Do you have any suggestions about how we would help agencies, to encourage them?

I think the reluctance stems, in part, from the lack of success they have had in doing away with those. The problem that they have to go through when they do declare something excess and all of the hassle that they get from the sources known to all of us. [Laughter.]

Mr. **Jones**. We are appealing to a number of things. What you are talking about, to some extent, are incentives?

Mr. **Skeen**. Yes.

Mr. JONES. As it ties into new Executive Order 12512, we are appealing to federal executives to be better managers, to review and look at their real estate assets as, in fact, being assets of value, not just land left idle until needed.

I do not think that the private sector would view real estate that way. So we are attempting to motivate agencies to report property excess. We have worked with OMB to identify properties that agencies could report excess, and to establish targets in their budgets.

In fact, this morning I was visiting with a department to generate some teamwork and spirit, to get them to try to report additional property excess as it ties in with this initiative. But this is the first time in the history of the program that targets have been placed in agencies' budgets. That is a form of motivation. It brings attention right to the top.

So we think this is a breakthrough. The fact is that we have had a survey program for years, but the survey program, while it is a good program, tends to be somewhat bureaucratic, from which you get a stack of paper and predictable results. We have to get better results now and it has to be on a more personalized basis as opposed to all of the paper that we are generating with only minimal results.

On the other hand, we are also working with OMB to see if there are any opportunities to possibly use some portion of the proceeds for relocation purposes. A lot of these properties are located in the high rent district. There might be a possibility to move to a lower rent district and reduce those costs.

Mr. SKEEN. That is a very good answer. I am pleased to hear about the incentive approach that you are using. I am sure that we have provided some incentive with Gramm-Rudman. [Laughter.]

It will emphasize that kind of program even more if there were some way to get a direct benefit to the agency like incentive programs. I do not know how you do that. I am not prepared to make any suggestion in that area, but I see that you have done a pretty extensive survey on ways to approach this issue.

Mr. JONES. This disposal initiative is much better thought out than the initiative we undertook in FY 1982. The working relationship with OMB is much better. In fact, we have definitive plans of action to monitor and follow up and be in a position to report whether or not this effort will be successful. I think we are in a much better position this year than previously.

REAL PROPERTY INITIATIVE

Something else I would like to say, because the first FY 1982 initiative was somewhat criticized. There were substantial benefits that came out of the first initiative. We are much better managers today. We became much more creative and innovative on how we conduct our business. Since the first initiative commenced in FY 1982, we have generated close to $500 million in sales proceeds and we have disposed of approximately $800 million worth of property, excluding this fiscal year.

Prior to the FY 1982 initiative, our productivity was about 50 percent of current levels. We were only selling about $50 million worth of property a year. So there is substantial improvement.

Mr. Skeen. Thank you, Mr. Jones.

Mr. Roybal. Mr. Akaka?

Mr. Akaka. Yes. Thank you very much, Mr. Chairman.

Commissioner Jones, I am happy to see you here today. I want to tell you, as I told Mr. Golden, that we appreciate GSA and all it has done in Hawaii. The Committee went out to Hawaii in January and the staff people of GSA were a big help to the Committee while we were out there.

I see where GSA has taken an aggressive program to dispose of real property declared excess by federal agencies and it reflects an estimate of $578 million in receipts from sales of those properties.

And yet, your request for an increase in the real property program is only $149,000. Do you think that your disposal goals are realistic, based on this nominal increase?

Mr. Jones. Yes, I think that we can achieve the goals with the resources requested. We are going to have to work harder and we are going to have to be more creative. We are already aligning ourselves to be more creative and to get greater results.

One specific example is that the real property disposal organization is being redesigned to eliminate layering and overhead with greater flexibility and inability for optimum use of scarce resources.

We will employ highly mobile tactical disposal teams, working on key projects throughout the United States.

This approach should generate better results.

Another innovation is that we have established a national auction team. In FY 1982, at the time of our first initiative, we found we had people in the field who had to auction property for public sale. We are now effectively using that previously untapped talent. For example, a few days ago we auctioned a portion of Fort Belvoir for $10.1 million.

The auction program is cost effective. The commission for such a sale in the private sector would be about six percent of the $10.1 million sale price.

It is our objective to work closely with Congress and the Executive Branch to make the real property disposal program successful.

Mr. Akaka. Does your aggressive program include any discount conveyances?

Mr. Jones. Yes, sir.

Mr. Akaka. It does?

Mr. Jones. Yes. Last year, for example, we generated $107 million in sales and we donated approximately $34 million without monetary consideration.

On the other hand, I would be remiss if I did not say that the emphasis is on sales.

PROPERTY DISPOSAL, HAWAII

Mr. Akaka. I also want to bring your attention to Piers 39 and 40 in Hawaii, to express my appreciation for the work that has been done. We expect that by March 21st there will be a meeting of GSA and the state of Hawaii on Piers 39 and 40 and I understand that negotiations shall commence no later than 14 days following that meeting on the 21st.

And I say that because it seems as if they are coming to a meeting of minds, and we expect that to probably happen on March 21st. But it has been ten years that this has gone on. This is why I appreciate your staff people who are out there who pushed this, along with the state people.

There has been a meeting, the 21st has been set up and that, we think, may be a final meeting. But I think that we are all clear on this.

Mr. **Jones**. If I could add to that, we will commence negotiations with the state of Hawaii for the Piers on April 8. There are 13 properties in Hawaii comprising over 200 acres available for disposal. We will commence negotiations with the state for the rest of the properties on the 21st of April.

Our target is to have the Hawaii disposals completed by around the end of July. That may be a little optimistic, but that is what we are shooting for.

Mr. **Akaka**. Does that include Fort DeRussey? [Laughter.]

Mr. **Fontaine**. We need a little help on that one.

Mr. **Akaka**. We have an understanding of all of these properties. We certainly appreciate it.

Thank you very much, Commissioner. And thank you, Mr. Chairman.

REAL PROPERTY DISPOSAL

Mr. **Roybal**. We would like to very briefly review your procedure that is used in coming to the conclusion that property is no longer needed by the Federal government. My understanding is that if agency A occupies a property they no longer need, they declare that property is no longer needed by them and that property is then made available to any other agency of the government. Is that not correct?

Mr. **Jones**. I would like to add to that.

Mr. **Roybal**. That is what we had been told right along.

Mr. **Jones**. Let us assume the Department of the Army decides that it no longer has the requirements for a particular property. They will report that property to GSA as excess to their requirements. GSA then screens the property with other Federal agencies to see if there are any other Federal requirements.

If there is a Federal requirement, and it is well justified, GSA arranges the transfer from Army, for example, to the requesting agency.

Mr. **Roybal**. Are you saying that is a transfer of title?

Mr. **Jones**. That is a transfer of custody from one agency to another. If there is no requirement for the property, then it is surplus to all Federal requirements and then that is when we make it available to state and local government units.

Mr. **Roybal**. By making it available, you make it available to the state and local governments for purchase of the property?

Mr. **Jones**. We develop what is known as a highest and best use analysis that serves as the basis for making the property available. If the property is zoned commercial, industrial or residential, in all probability, it will be made available, only by negotiated sale to state and local government units.

If there is a well justified application for or interest in a discount conveyance, for park and recreation, health and education, or other similar public uses supported by our highest and best use analysis, then we make the property available for those purposes, as well as by negotiated sale.

What we do not do, consistent with the way we used to conduct business, is provide a shopping list for all possible uses, unsupported by highest and best use analyses. That has caused us some of the problems we might encounter today. The public is accustomed to our old disposal practices that are now changing. We are trying to be much more professional in how we make those decisions.

Mr. Roybal. By that change, you mean exactly what?

Mr. Jones. Pardon me?

Mr. Roybal. I want you to be more specific. You said you are more professional now.

Mr. Jones. Yes. We think real estate should be disposed of on the basis of its highest and best use. I think that is normal practice in the real estate field. What we are doing now as opposed to the past is making those type analyses.

Mr. Roybal. The highest and best use means the highest dollar value one can secure for the property?

Mr. Jones. On the private side, I would say this would be the case. Because of the laws and the regulations under which we must operate, that is not necessarily the case.

Mr. Roybal. Is it not your ultimate objective to bring in revenue to the Federal Government?

Mr. Jones. Yes, sir.

Mr. Roybal. Then your ultimate objective is as soon as possible to go through the process of making a determination that it is not needed by the Federal Government and then put it on the market?

Mr. Jones. Let me clarify that premise.

Mr. Roybal. That is the ultimate result; is it not?

Mr. Jones. It would be the ultimate result if all we were doing was selling property, but when you look at the record, particularly over the past five years, I think you will see we have been much more objective than that. As I said, last year there were approximately $34 million worth of property conveyed for free, and the year before that, $79 million.

Mr. Roybal. You sold $800 million worth of property. In view of the fact that you sold $800 million worth of property and you transferred only $30 million worth, I would say your main emphasis is on sales.

Mr. Jones. That is correct.

Mr. Roybal. But you are doing quite well on the selling of property.

When a parcel of land is for sale, does anybody make a determination as to what the future needs of the Government would be? I think I can identify at least one parcel of land that would be better off in the hands of the Federal Government than to sell at this time, because of a future need of the Federal Government. Does anyone take that into account when properties are made available?

Mr. **Jones**. The holding agency itself is supposed to make those determinations before they report the property to us. It is not our responsibility to make those kinds of determinations.

Mr. **Roybal**. Whose responsibility is it?

Mr. **Jones**. It is the holding agency.

Mr. **Roybal**. The holding agency was using the property to begin with.

Mr. **Fontaine**. We would not be in the position to second guess when they say they have no need for it. We screen it with every other agency and they say they have no need for it. Then what would be the justification of GSA to keep it?

Mr. **Roybal**. Future plans?

Mr. **Jones**. Land banking?

Mr. **Roybal**. Is that taken into consideration at all?

Mr. **Jones**. No. We are in the business of disposing of property as expeditiously as we possibly can. What we will not do is dispose of property on a discount basis. If we are selling property, we are going to get the fair market value. If we are in an extremely depressed market situation, we will not just put that property out and sell it.

Mr. **Roybal**. I ask these questions because there is a situation in Los Angeles where a bureau of the Federal Government will be in need of property in the very near future. It would be Los Angeles, San Diego or Oakland. The question is where is that property? It is my understanding there is some property in that area that may be declared surplus in the very near future.

Is there anyone looking at the future needs of the Government for other agencies before the property is set up for sale. If that is not your responsibility, I just want to know who has that responsibility.

Mr. **Fontaine**. We give everybody a bite of the apple. Everybody gets a chance to say yes or no.

Mr. **Jones**. It is the responsibility of the holding agency.

Mr. **Roybal**. When state and local governments have turned down a property because there was no immediate requirement and then had a new development several months later, is there any way in which an accommodation can be reached to help them acquire that property?

Mr. **Jones**. Mr. Chairman, we have been criticized about the length of time it takes us to dispose of property. What we were doing is exactly what you are referring to, and that was to give state and local governments or the public an extended period of time to determine their plans for a piece of property sometimes over two or three years if not longer. We have been severely criticized for doing that. There is also a budget impact because the longer property stays in the inventory, the more money we have to request to protect and maintain that property pending disposal.

We do endeavor to afford the state and local governments an opportunity to acquire needed property. We want to work with the local government but we cannot afford to engage in long, extended discussions and negotiations and still manage the government's real property in the most cost-effective manner.

Mr. ROYBAL. Mr. Hoyer?

DISCOUNT CONVEYANCES

Mr. HOYER. Are discount conveyances continued under the Administration's proposal to sell off property resources?

Mr. JONES. Absolutely. Our procedures to consider the availability of surplus real properties for public benefit discount conveyance purposes will continue to be carefully implemented. Based on our FY 1986 excess and surplus real property Master Plan, we projected that forty-seven properties would be disposed of at no cost to States and local governmental bodies for restricted public uses. These properties are estimated to be worth $8.75 million. As of March 8, 1986 nineteen properties valued at $4.1 million have been donated for public benefit purposes. This represents 40% of our objective for the number of properties. When a justified donative purpose represents the highest and best use of a property, it will be made available for that purpose.

BELTSVILLE PARCEL

Mr. HOYER. Again, Mr. Jones, I appreciate the help and the transfer of parcels 5A and 4, to the M.N.C.P.P.C. It will be used as parkland for the nearly 20,000 residents in the area, and provide much needed expansion of recreation facilities. Have there been additional requests for Parcel 5, the remaining parcel at Beltsville, besides the University of Maryland request?

Mr. JONES. The City of Greenbelt had expressed an interest in the disposal of the property. In addition, the Maryland National Capital Park and Planning Commission expressed an interest in acquiring the property by negotiated purchase. However, these interests never materialized.

AVONDALE, MD PARCEL

Mr. HOYER. What is the status of the 6.2 acres of the Bureau of Mines at Avondale, MD? Are we any closer to maintaining that area as open space for the community?

Mr. JONES. The property was made available to State and local public bodies for negotiated purchase only, since its highest and best use was determined to be residential. The Maryland National Capital Park and Planning Commission expressed an interest in acquiring the property; however, negotiations were not successful because agreement could not be reached on price. The property is scheduled for competitive sale by public auction on May 7, 1986.

Mr. HOYER. I asked yesterday for a comparison of your chart listing the Disposal Sales program which would show what was projected as sales for the year compared with actual sales. For example, in FY 85's Budget Hearings, the estimate for FY 84 receipts presented to this subcommittee was $198 million. Your graph shows actual receipts to be much less, at $106 million.

Mr. JONES. Receipt goals are based on projection sales of excess property in our current inventory and anticipated inventory. While projected goals are realistic, they can only be met if Federal landholding agencies excess unneeded real property. We believe that agencies should continue improving the land management and utilization survey procedures needed to identify all potential excess property as required by existing law and Executive Order 12512. This will enable GSA to meet the overall receipt goals. OMB has assigned excessing targets to agencies this fiscal year and we are looking closely with them to meet these goals. We will provide a chart reflecting projected Receipts vs. Actual receipts.

[The chart follows:]

Projected Receipts vs. Actual Receipts

[In Millions]

	Projected	Actual
FY 1984	$198	$149.0
FY 1985	* $216	$72.8
FY 1986 (As of 3/14/86)	$135	** 43.9
Current Inventory	(95)	(32%)
Anticipated Inventory	(40)	

*Included approximately $40 million from the sale of Hamilton Air Force Base in California. The closing was delayed due to concern about subsurface contamination.

**Included $11.6 million for credits issued by law (in lieu of receipts) to Cooke Inlet Region, Inc.

POTENTIAL EXCESS PROPERTIES

Mr. **Hoyer**. Will you provide for the record a list of potential excess properties and a chart on agency excess property dollar targets for FY 1987.

Mr. **Jones**. We will be happy to do that.

[The information follows:]

POTENTIAL EXCESS PROPERTIES
THIS LIST IS FOR PLANNING PURPOSES ONLY

HOLDING AGENCY	PROPERTY		ACRES
TRANSPORTATION	USCG Transmit. Stat., San Mateo Pt.	San Clemente, CA	40.3
	USCG Marine Inspect. Office	New York, NY	1.7
	Transportation System Center	Cambridge, MA	14.0
		Subtotal:	56.0
NAVY	HOLF Mile Sq., MCAS Tustin	Orange Co, CA	137.0
	Glenview Naval Air Station	Glenview, IL	1,442.0
	Marine Corps Recruit Depot	San Diego, CA	432.0
		Subtotal:	2,011.0
ARMY	Fort Sheridan	Lake Co., IL	100.0
	Ravenna Army Ammo Plant	Ravenna, OH	5,800.0
	Presidio of Monterey	Monterey, CA	81.0
	Ft. McPherson	GA	505.0
		Subtotal:	6,486.0
AIR FORCE	Air Force Plant #36	Evandale, OH	50.0
	Air Force Plant 19	San Diego, CA	70.3
		Subtotal:	120.3
NASA	Plumbrook Station	Sandusky, OH	5,500.0
		Subtotal:	5,500.0
GSA	Raritan Arsenal	Raritan, NJ	202.0
	Custom House	Boston, MA	0.9
	Block 111	Denver, CO	1.1
		Subtotal:	202.0
VETERANS ADMINISTRATION	VA Medical Center	West Los Angeles	109.0
	VA Medical Center	Sepulveda, CA	46.0
		Subtotal	155.0
TOTAL			14,530.3

List of specific properties, by holding agency, that are included as part of the FY 1987 receipt target of $578 million.

AGENCY EXCESS PROPERTY DOLLAR TARGETS FOR FY 1987
($ MILLION)

	Enhanced Goals		
Agency	Properties	Acres	Value
HHS	7	208	$ 1.8
Army	35	18,233	112.8
Air Force	37	2,708	102.9
Corps of Engineers	41	5,584	6.7
Energy	19	1,915	2.0
Interior	89	6,668	5.2
Justice	5	1,811	3.0
Labor	4	247	0.5
Treasury	—	—	—
VA	7	243	364.1
Agriculture	18	927	4.1
Commerce	1	4	0.1
GSA	29	1,215	84.8
Navy	19	3,728	387.3
NASA	2	5,511	15.4
State	2	2	0.0
Transportation	29	904	83.6
HUD	—	—	—
Education	2	3	0.3
TOTAL	346	49,911	$ 1,174.6

Mr. **Roybal**. Are there any other questions?

[No response.]

Mr. **Roybal**. We would like to thank you for your presentation this morning.

Mr. **Jones**. Thank you.

Mr. **Roybal**. Mr. Fontaine, anything else before we adjourn?

Mr. **Fontaine**. We will see you tomorrow morning.

Mr. **Roybal**. Thank you very much. We will insert the justification in the record at this point.

[The justifications follow:]

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

ANALYSIS OF AUTHORIZED LEVEL OF FISCAL YEAR 1987
(Dollars in Thousands)

	PERMANENT POSITIONS	TOTAL WORKYEARS	AMOUNT
FY 1986 Level Authorized by Continuing Resolution (PL 99-190)	499	499	$ 40,000
Adjustments:			
Unobligated Balance Available From FY 1985	-	-	+1,603
Revised FY 1986	499	499	41,603
Estimates, FY 1987	492	492	40,975
Changes From FY 1986 to FY 1987	-7	-7	$ -628

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987

	OBLIGATIONS						INCREASE OR DECREASE (-) FOR 1987					
	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Total Changes		Program Changes		Other Changes	
ACTIVITY	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount	Work Years	$ Amount
1. National Defense Stockpile	290	$30,192	305	$30,189	298	$29,412	-7	$-777	-	$-1,603	-7	$ +826
2. Real Property	176	8,920	194	11,414	194	11,563	-	+149	-	-	-	+149
TOTAL	466	39,112	499	41,603	492	40,975	-7	-628	-	-1,603	-7	+975
Permanent Positions Established (Total)....	496		499		492		-7		-		-7	

NOTE: SEE EACH ACTIVITY FOR PRORATED AMOUNT OF SERVICE DIRECTION.

399

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

SUMMARY JUSTIFICATION OF 1987 BUDGET ESTIMATES

Total program costs for FY 1987 are estimated at $40,975,000, a net decrease of $628,000 from the FY 1986 program. Increases of $244,000 for a net rent adjustment, $913,000 for the increased cost of goods and services, $20,000 for restoration of pay reduction funds, $70,000 for office automation and administrative equipment, and $61,000 for an increase in Employees' Compensation costs, are offset by decreases of $53,000 for planned GS/GM grade reductions, $1,605,000 associated with the carryover of FY 1985 resources and $280,000 for personnel costs relating to a reduction of 7 FTE due to a consolidation of the Stockpile program offices.

The Federal Property Resources Service has consolidated the Office of Stockpile Management and the Office of Stockpile Transactions into a single Office of National Defense Stockpile. All the responsibilities, duties, and assignments of those offices were transferred with the result of a savings of 7 FTE and $280,000 in FY 1987.

Summary Of Budget Authority
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted/requested Budget Authority	$39,128	$40,000	$40,975
Reduction of Budget Authority pursuant to P.L. 99-177 ...	-	-1,892	-
Total Budget Authority	$39,128	$38,108	$40,975

BLANK PAGE

BLANK PAGE

BLANK PAGE

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FISCAL YEAR 1987
(Dollars in Thousands)

	National Defense Stockpile			Real Property			TOTAL		
	POS.	WORK-YEARS	AMOUNT	POS.	WORK-YEARS	AMOUNT	POS.	WORK-YEARS	AMOUNT
PROGRAM CHANGES:									
Decreases:									
Stockpile Carryover	-	-	$ -1,603	-	-	-	-	-	$ -1,603
TOTAL PROGRAM CHANGES	-	-	-1,603	-	-	-	-	-	-1,603
OTHER CHANGES:									
Increases:									
Net Rent Adjustment	-	-	+209	-	-	$ +35	-	-	+244
Goods and Services	-	-	+811	-	-	+102	-	-	+913
Pay Restoration	-	-	+13	-	-	+7	-	-	+20
Office Automation and Administrative Equip.	-	-	+43	-	-	+27	-	-	+70
Employees' Compensation	-	-	+61	-	-	-	-	-	+61
Subtotal - Other Increases ...	-	-	+1,137	-	-	+171	-	-	+1,308
Decreases:									
Consolidation of Stockpile Offices	-7	-7	-280	-	-	-	-7	-7	-280
GS/GM 11-15 Grade Reductions	-	-	-31	-	-	-22	-	-	-53
Subtotal - Other Decreases ...	-7	-7	-311	-	-	-22	-7	-7	-333
TOTAL OTHER CHANGES	-7	-7	+826	-	-	+149	-7	-7	+975
TOTAL, INCREASE OR DECREASE 1986 COMPARED TO 1987	-7	-7	$ -777	-	-	+149	-7	-7	$ -628

401

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

NATIONAL DEFENSE STOCKPILE
(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 ESTIMATE		FY 1987 ESTIMATE		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
National Defense Stockpile	271	$ 29,200	284	$ 29,348	278	$ 28,552	-6	$ -796	-	$ -1,603	-6	$ +807
Service Direction ..	19	992	21	841	20	860	-1	+19	-	-	-1	+19
TOTAL	290	$ 30,192	305	$ 30,189	298	$ 29,412	-7	$ -777	-	$ -1,603	-7	$ +826

BACKGROUND

This activity manages the National Defense Stockpile of strategic and critical materials required to keep the nation's mobilization base viable. This activity provides for acquisition, disposal, receiving, storing, protecting, inspecting, and maintaining the material in strategic storage locations. Its responsibilities include accepting, rotation, upgrading, shipping, and processing of stockpile materials as well as data collection and economic analysis and oversight of the William Langer Jewel Bearing Plant.

This activity is closely related to, and directly impacted by the program actions of the National Defense Stockpile Transaction Fund.

JUSTIFICATION

A. Highlights - The resources requested for this program will be used to support the following activities:

1. Stockpile Contracts - This activity provides the full range of contracting and administration for the National Defense Stockpile. Commodity acquisition and disposal contracting involves long range planning, commodity market assessment, Congressional and intergovernmental liaison as well as the full range of support contracting needed to support commodity purchases and an expanding materials sales effort. Contracting for services and supplies includes contracting for repackaging, rewarehousing, relocation, decontamination, commodity rotation and testing as well as oversight of the William Langer Jewel Bearing Plant.

2. Planning and Market Research - Conducts planning for the disposal and acquisition of National Defense Stockpile materials and evaluates responses of producers and commodity markets to government commodity transactions. This activity is essential to avoid undue market disruption of the usual markets of producers, processors, and consumers, and to protect the United States against avoidable loss. Under this activity, technical, economic and market data are collected and analysed to assess the principal factors that impact Stockpile transactions. On the basis of these analyses, management formulates policy for disposal and acquisition programs and makes day-to-day decisions with respect to restructuring the Stockpile.

3. Storage and Handling of Materials - Provides for storage and handling of National Defense Stockpile materials, and depot storage operations relative to maintaining the security, integrity and readiness of the National Defense Stockpile. These stockpile materials are stored in 109 locations. The program estimate also provides for operating GSA depots and reimbursement to the Department of Defense for stockpile operations at military facilities, protective coverings for ore piles and repackaging of materials in long-term containers to preserve the value and integrity of materials in the stockpile.

4. Quality Assurance - Responsible for qualitative maintenance of materials in storage, inventory verification, and inspection of materials prior to outshipment under the disposal program. It assures that contract provisions are met for service contracts and commodity purchase contracts for all materials acquired through the National Defense Stockpile Transaction Fund, by barter or by exchange.

402

FEDERAL PROPERTY RESOURCES SERVICE
OPERATING EXPENSES (Direct Only)

NATIONAL DEFENSE STOCKPILE

National Defense Stockpile obligations for acquisitions and grants are planned as follows:

	(Dollars in Thousands)		
	1985 ACTUAL	1986 ESTIMATE	1987 ESTIMATE
Acquisitions	$ 9,028	$ -	$ 28,500
Transportation and Other Costs	275	-	1,500
Research Grants	-	20,000	-
TOTAL	$ 9,303	$ 20,000	$ 30,000

It is intended that receipts from the sales program, under proposed legislation, $250 million in 1987, will be used to fill unmet Stockpile material goals estimated at $30 million in 1987. After the annual critical materials goals are met, the remaining receipts will be deposited in the miscellaneous receipts account of the Treasury to be used toward reducing the budget deficit under proposed legislation.

Receipts from disposal sales of excess National Defense Stockpile materials and receipts from the sales of material to be rotated are estimated to be covered into the National Defense Stockpile Transaction Fund as follows:

(Dollars in Thousands)		
1985:	Existing Legislation (Actual)	$ 45,617
1986:	Existing Legislation	$ 5,000
	Proposed Legislation	$ -
1987:	Existing Legislation	$ -
	Proposed Legislation	$ 250,000

NATIONAL DEFENSE STOCKPILE

B. Explanation of Changes, FY 1986 vs. FY 1987

There is a net decrease of $777,000 for FY 1987. Total increases of $1,137,000 include $209,000 for a net Rent adjustment, $811,000 for the increased cost of goods and services, $13,000 for restoration of pay reduction funds, $43,000 for office automation and administrative equipment, and $61,000 for an increase in employee's compensation costs. These increases are offset by total decreases of $1,914,000 which consists of $31,000 for planned GS/GM 11-15 grade reductions, $280,000 for a reduction of 7 FTE, and $1,603,000 associated with the multi-year stockpile program resources funds available in FY 1986.

Workload Factors

WORKLOAD:	FY 1985 ACTUAL	FY 1986 ESTIMATE	FY 1987 ESTIMATE
Inspections:	4,118	4,000	4,500
Acquisition	1,028	700	700
Disposal	633	200	1,200
Quality Maintenance	1,543	1,900	1,600
Other	914	1,200	1,000
Tons Handled	900,012	950,000	1,208,000
Projects:			
Commodity Maintenance/Security	40	20	27
Facility Maintenance	151	92	105
Contracts:			
Samples/Analysis	40	45	35
Supplies	36	35	40
Services	320	360	360
Machine Tool Trigger Order Standby Agreements	109	120	130
Commodities:			
Sales/Exchange	13	15	36
Acquisitions	3	0	1

NOTE: FY 1987 workload indicators assume passage of legislation which will be proposed to provide for accomplishment of the Administration's disposal objectives.

404

NATIONAL DEFENSE STOCKPILE

EXPLANATION OF DISTRIBUTION BY OBJECTS

11 Personnel Compensation and Staffing - $7,651,000: For 278 workyears distributed as follows:

	1985	1986	1987
Total Workyears	271	284	278

12 Personnel Benefits - $989,000: Includes $536,000 for direct contribution to Retirement Fund, $169,000 for health benefits, $30,000 for group insurance, $139,000 for workmen's compensation, and $115,000 for medicare hospital insurance portion of FICA.

21 Travel and Transportation of Persons - $586,000: $489,000 for travel in connection with strategic and critical materials activities, and $97,000 for motor pool services.

22 Transportation of Things - $135,000: For relocation of materials from temporary or indefinite to more permanent storage facilities, consolidation of inventories due to evacuation of depots, and miscellaneous transportation costs.

23 Rents, Communications, Utilities, and Miscellaneous Charges- $12,574,000: Includes $45,000 for postage and fees, $181,000 for communication services, $777,000 for utilities and lease of space from commercial sources, $6,537,000 for rent charges paid to the Federal Buildings Fund, and $5,034,000 for military storage charges for stockpile commodities.

24 Printing and Reproduction - $66,000: For general printing.

25 Other Services - $3,936,000: Includes $2,919,000 for payments to commercial contractors for labor, materials, and related services for materials handling, $991,000 for payments to the Federal Buildings Fund for related space costs and special services, and $26,000 for health room services, training and security clearances.

26 Supplies and Materials - $2,147,000: Includes $89,000 for administrative supplies, $924,000 for operating supplies and $1,134,000 for jewel bearings.

31 Equipment - $466,000: $423,000 for the purchase of equipment for stockpile storage facilities and $43,000 for office automation/administrative equipment.

41 Taxes and Other Assessments - $2,000: Tax liability on leased storage sites.

EXCLUDES PRORATED AMOUNT OF SERVICE DIRECTION - SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS.

405.

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

REAL PROPERTY
(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 ESTIMATE		FY 1987 ESTIMATE		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
Real Property	166	$ 8,570	179	$ 10,779	179	$ 10,914	-	$ +135	-	$ -	-	$ +135
Service Direction ..	10	350	15	635	15	649	-	+14	-	-	-	+14
TOTAL	176	$ 8,920	194	$ 11,414	194	$ 11,563	-	$ +149	-	$ -	-	$ +149

BACKGROUND

This activity promotes maximum utilization of real property by Federal agencies and minimizes new procurements of real property by transferring available excess property among agencies. Pursuant to E.O. 12512, it provides Government-wide policy oversight and guidance for Federal real property management, develops legislative initiatives that seek to improve such management, and conducts real property utilization surveys to identify real property which is not utilized, under-utilized and not being put to optimum use and recommends excessing of such properties. It provides for the economic and efficient disposal of surplus real property by sale, exchange, lease, permit assignment or transfer for both private and public purposes. This activity provides for the protection and maintenance of excess and surplus property in order to retain maximum value and marketability pending its disposition. It provides for the appraisal of excess and surplus property and establishes the specifications, standards and methods governing such appraisals. Further, it prepares land reuse planning studies and environmental and cultural enhancement reviews required in the disposition of real property.

JUSTIFICATION

A. Highlights - The Office of Real Property is comprised of four programs; Utilization and Disposal, Appraisal, Protection and Maintenance, and Utilization Surveys.

1. Utilization and Disposal - In 1987 it is estimated that total dispositions will have a value of approximately $733 million. This includes utilization transfers valued at $40 million, public benefit disposals valued at $40 million, and sales of $653 million. Cash receipts are estimated at $578 million.

2. Appraisal - The total number of disposal appraisals estimated for 1987 is 400.

3. Protection and Maintenance - In 1987 it is estimated that protection and maintenance costs will reach $2,000,000.

4. Utilization Surveys - The number of surveys to be conducted by GSA is estimated at 100 in 1987.

There will be continued strong focus on Executive Order utilization surveys of real property holdings of Federal agencies with emphasis on reporting unneeded property for disposal. The compliance program for property donated to eligible grantees for restricted public uses will be enlarged and enhanced. There will be a continued effort to execute the Presidential initiative begun in FY 1985 to improve Federal asset management.

B. Explanation of Changes, FY 1986 vs. 1987 - A net increase of $149,000 is included for FY 1987. This is comprised of increases of$35,000 for a net Rent adjustment, $102,000 for the increased cost of goods and services, $7,000 for the restoration of pay reductions, and $27,000 for office automation/administrative equipment. These increases are offset by a decrease of $22,000 for GS/GM 11-15 grade reductions.

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

REAL PROPERTY WORKLOAD DATA
(Dollars in Millions)

	FY 1985 Actual		FY 1986 Estimate		FY 1987 Estimate		Changes FY 1986 to FY 1987	
	Number	Value	Number	Value	Number	Value	Number	Value
Dispositions:	424	$ 212.5	335	$ 268	470	$ 733	+135	$+465
Utilization Transfers	29	$ 71.3	25	$ 33	45	$ 40	+20	$ +7
Sales -	321	$ 106.9	250	$ 200	330	$ 653	+80	$ +453
Current Inventory	(321)	(106.9)	(188)	(150)	(230)	(175)	(+42)	(+25)
Anticipated Inventory	(-)	(-)	(62)	(50)	(100)	(478)	(+38)	(+428)
Other Disposals	74	$ 34.3	60	$ 35	95	$ 40	+35	$ +5
Surveys/Inspections:								
Surveys	170	-	100	-	100	-	-	-
Disposal Appraisals:	358	-	250	-	400	-	+150	-
Environmental:								
Environmental Impact Assessments ...	178	-	125	-	150	-	+25	-
Environmental Impact Statements	1	-	2	-	10	-	+8	-
Compliance Inspections	25	-	10	-	10	-	-	-
Receipts:	-	$ 72.8	-	$ 135.0	-	$ 578.0	-	$ +443.0
Current Inventory		(72.8)		(95.0)		(76.0)		(-19.0)
Anticipated Inventory		(-)		(40.0)		(502.0)		(+462.0)

REAL PROPERTY

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.0 Personnel Compensation and Staffing - $6,112,000: for 179 workyears distributed as follows:

	1985	1986	1987
Central Office	52	57	57
Field Office	114	122	122
Total Workyears	166	179	179

12.0 Personnel Benefits - $748,000: Includes $429,000 for direct contribution to Retirement Fund, $164,000 for health benefits, $63,000 for group insurance, and $92,000 for medicare hospital insurance portion of FICA.

21.0 Travel and Transportation of Persons - $502,000: Includes $424,000 for travel and $78,000 motor pool services in connection with inspection of real properties, formulation of utilization and disposal plans, providing disposal actions, and review of regional operations.

23.0 Rents, Communications, Utilities, and Miscellaneous Charges - $841,000: Includes $50,000 for postage and fees, $212,000 for communication services, $523,000 for payment to the Federal Building Fund for RENT charges, and $56,000 for other miscellaneous services.

24.0 Printing and Reproduction - $92,000: For printing and reproduction of procedural and regulatory information, updating GSA handbooks, orders, forms and other recurring printing requirements.

25.0 Other Services - $2,530,000: Includes $1,420,000 for reimbursement to holding agencies for cost of protection and maintenance of excess and surplus properties pending disposal, $430,000 for protection and maintenance charges reimbursable to the Federal Buildings Fund, $150,000 for contractual services connected with protection and maintenance, $12,000 for payment to other GSA funds, $137,000 for payments to other agencies, $346,000 for other payments for contractual services, and $35,000 for payment to the Working Capital Fund and for health room charges.

26.0 Supplies and Materials - $63,000: For supplies and materials used in program and administrative operations.

31.0 Equipment - $26,000: For administrative office equipment.

EXCLUDES PRORATED AMOUNT OF SERVICE DIRECTION - SEE SERVICE DIRECTION FOR EXPLANATION OF DISTRIBUTION BY OBJECTS.

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

SERVICE DIRECTION
(Dollars in Thousands)

	FY 1985		FY 1986		FY 1987		Total Changes		Program Changes		Other Changes	
	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
Service Direction Distribution by Program:												
National Defense Stockpile	19	$ 992	21	$ 841	20	$ 860	-1	$ +19	-	$ -	-1	$ +19
Real Property	10	350	15	635	15	649	-	+14	-	-	-	+14
TOTAL	29	$ 1,342	36	$ 1,476	35	$ 1,509	-1	$ +33	-	$ -	-1	$ +33

BACKGROUND

This activity provides for the direction and management of the efforts of the Federal Property Resources Service in the development and execution of overall objectives, long-range plans, comprehensive programs, organizational structure and operating procedures to accomplish the service's mission. This activity also plans, coordinates and supports policy development, budgeting, financial management, program evaluation, management improvement systems development, and administrative support activities of the Service.

JUSTIFICATION

A. Highlights - The overall program management and direction of the Federal Property Resources Service is provided through the Commissioner in the Central Office, and the Commissioner's staff.

B. Explanation of Changes, FY 1986 vs. FY 1987 - A net increase of $33,000 is comprised of $31,000 for increased costs for goods and services, $2,000 for administrative equipment, $20,000 for administrative support contracts. These contracts are offset by a decrease of $20,000 associated with an FTE reduction of one.

SERVICE DIRECTION

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.0 Personnel Compensation and Staffing - $1,130,000: for 35 workyears distributed as follows:

	1985	1986	1987
Total Workyears	29	36	35

12.0 Personnel Benefits - $125,000: $79,000 direct contribution to Retirement Fund, $25,000 for health benefits, $4,000 for group insurance, and $17,000 for the medicare hospital insurance portion of FICA.

21.0 Travel and Transportation of Persons - $25,000: $22,000 for travel and $3,000 for motor pool services.

23.0 Rents, Communications, Utilities, and Miscellaneous Charges - $181,000: $80,000 for communication and miscellaneous services, and $101,000 for payment to the Federal Buildings Fund for RENT.

24.0 Printing and Reproduction - $2,000: For general printing and reproduction.

25.0 Other Services - $32,000: $27,000 for commercial contracts and payments to other Government agencies and $5,000 for payments to other GSA funds.

26.0 Supplies and Materials - $12,000: $6,000 for office supplies and $6,000 for operating supplies.

31.0 Equipment - $2,000: $2,000 for office automation/administrative equipment.

FEDERAL PROPERTY RESOURCES SERVICES
Operating Expenses (Direct Only)

FPRS
CROSSWALK

SUMMARY OF SERVICE DIRECTION INCLUDED IN PROGRAM AREAS

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES - FISCAL YEAR 1987												
	PROGRAM						INCREASE OR DECREASE (-) FOR 1987					
	FY 1985 ACTUAL		FY 1986 ESTIMATE		FY 1987 ESTIMATE		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
National Defense Stockpile:	290	$ 30,192	305	$ 30,189	298	$ 29,412	-7	$ -777	-	$ -1,603	-7	$ +826
Direct	(271)	(29,200)	(284)	(29,348)	(278)	(28,552)	(-6)	(-796)	(-)	(-1,603)	(-6)	(+807)
Service Direction	(19)	(992)	(21)	(841)	(20)	(860)	(-1)	(+19)	(-)	(-)	(-1)	(+19)
Real Property:	176	$ 8,920	194	$ 11,414	194	$ 11,563	-	$ +149	-	$ -	-	$ +149
Direct	(166)	(8,570)	(179)	(10,779)	(179)	(10,914)	(-)	(+135)	(-)	(-)	(-)	(+135)
Service Direction	(10)	(350)	(15)	(635)	(15)	(649)	(-)	(+14)	(-)	(-)	(-)	(+14)
Service Direction	(29)	(1,342)	(36)	(1,476)	(35)	(1,509)	(-1)	(+33)	(-)	(-)	(-1)	(+33)
TOTALS	466	$ 39,112	499	$ 41,603	492	$ 40,975	-7	$ -628	-	$ -1,603	-7	$ +975

411

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

SUMMARY OF EMPLOYMENT
(Number of Workyears)

Principal Categories	1985 Actual	1986 Estimate	1987 Estimate	CHANGE FOR 1987 Total	CHANGE FOR 1987 Program	CHANGE FOR 1987 Other
Managerial & Administrative Officer	20	21	20	-1	-	-1
Management/Program/Budget Analyst	16	18	17	-1	-	-1
Procurement/Contracting	5	6	6	-	-	-
Quality Assurance Inspector	56	64	63	-1	-	-1
Storage Specialist	50	54	53	-1	-	-1
Realty Officer/Specialist	88	92	92	-	-	-
Appraiser	8	10	10	-	-	-
Strategic Materials Management	28	28	28	-	-	-
Laborer/Warehousing	81	99	97	-2	-	-2
Typist/Steno/Clerical	80	90	89	-1	-	-1
Economist	2	2	2	-	-	-
Industrial Hygienist	1	1	1	-	-	-
Mining Engineer	2	2	2	-	-	-
Marketing Analyst	7	7	7	-	-	-
Computer Systems Analyst	3	4	4	-	-	-
Community Planner	1	1	1	-	-	-
Subtotal	448	499	492	-7	-	-7
Part Time and Temporary	18	-	-	-	-	-
Total Workyears	466	499	492	-7	-	-7

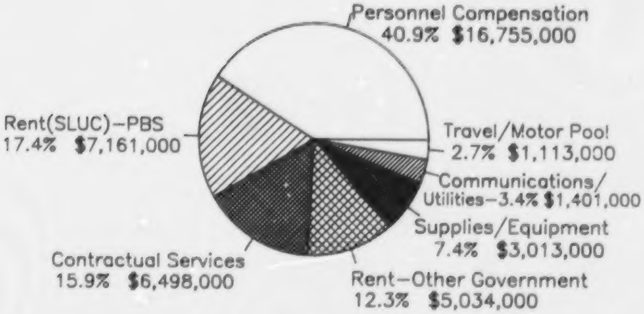
412

SELECTED WORKLOAD DATA
(Dollars in Millions)

Activity and Principal Workload Factors	1985 Actual	1986 Program In		1987 Budget	Percent of Change From 1986
		1986 Budget	1987 Budget		
1. Stockpile					
a. Tons Handled (000)	900	950	950	1,208	+27%
b. Inspections	4,118	3,975	4,000	4,500	+13%
2. Real Property					
a. Dispositions	424	285	335	470	+40%
b. Surveys	170	100	100	100	-
c. Disposal Appraisals	358	200	250	400	+60%
d. Environmental Impact Statements	1	2	2	10	+400%
e. Environmental Impact Assessments	178	125	125	150	+20%
f. Compliance Inspections	23	10	10	10	-
g. Receipts	$ 72.8	$ 193.0	$ 135.0	$ 578.0	+328%

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses (Direct Only)

Federal Property Resources Service
FY 1987 Operating Expenses
Obligations By Category
Total – $40,975,000



414

FPR-16

GENERAL SERVICES ADMINISTRATION

FEDERAL PROPERTY RESOURCES SERVICE

OPERATING EXPENSES
(Including Transfer of Funds)

For expenses, not otherwise provided for, necessary for carrying out the functions of the Administrator with respect to utilization of excess real property; the disposal of surplus real property; the utilization survey, **deed compliance inspection,** appraisal, environmental and cultural analysis, and land use planning functions pertaining to excess and surplus real property; the National Defense Stockpile established by the Strategic and Critical Materials Stock Piling Act, as amended (50 U.S.C. 98-98h), the Defense Production Act of 1950, as amended (50 U.S.C. App. 2061-2166); including services as authorized by 5 U.S.C. 3109 and reimbursement for recurring security guard service; ($40,000,000) **$40,975,000** of which ($11,414,000) **$11,563,000** shall be derived from proceeds from transfers of excess real property and disposal of surplus real property and related personal property, subject to the provisions of the Land and Water Conservation Fund Act of 1965, as amended (16 U.S.C. 4601-5), and of which ($25,989,000) **$29,412,000** for the transportation, processing, refining, storage, security, maintenance, rotation, and disposal of materials contained in or acquired for the stockpile shall remain available through fiscal year (1987) **1988**.

NOTE: A regular 1986 appropriation for this account had not been enacted at the time this budget was prepared. A continuing resolution (Public Law 99-190) provides funds to the extent and in the manner provided for in the conference version of H.R. 3036, Treasury, Postal Service and General Appropriations Act, 1986, as amended by Public Law 99-190.

Explanation of Change in Appropriation Language

The language "deed compliance inspection," is added to the list of functions performed pertaining to excess and surplus real property. The revised appropriation language will more accurately reflect the major activities and responsibilities provided for in accomplishing the real property disposal program objectives.

FEDERAL PROPERTY RESOURCES SERVICE
Operating Expenses
(Advances and Reimbursements)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work Years	Amount
FY 1986 Level of Reimbursable Services	-	-	$ 700
FY 1987 Level of Reimbursable Services	-	-	$ 700
Total Change, FY 1986 to FY 1987	-	-	$ -

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987												
	Reimbursable Obligations						Increase or Decrease (-) For 1987					
	FY 1985		FY 1986		FY 1987		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. National Defense Stockpile	-	$ 84	-	$ 200	-	$ 200	-	-	-	-	-	-
2. Real Property	-	78	-	500	-	500	-	-	-	-	-	-
TOTAL	-	$ 162	-	$ 700	-	$ 700	-	-	-	-	-	-
Permanent Positions Established	-		-		-		-		-		-	

SUMMARY JUSTIFICATION OF FY 1987 ESTIMATES

This account provides services to other Government agencies on a fully reimbursable basis. The services provided in the past have included the sale of gold for the Department of Treasury under an agreement which is still in effect and reimbursable services related to the disposal of properties for the U.S. Marshals Service, U.S. Postal Service and Department of Defense Housing and other Federal agencies. This request also includes activities in the facilities maintenance program which are for reimbursable utilities costs at depots.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

Explanation of Distribution by Objects

23.2 Communications, utilities and miscellaneous charges - $200: Charges for utilities provided by the Federal Property Resources Services to various government agencies.

25.0 Other Services - $500: Charges for services provided by FPRS to other agencies.

FEDERAL PROPERTY RESOURCES SERVICE
PUBLIC BUILDINGS SERVICE

EXPENSES, DISPOSAL OF SURPLUS REAL AND
RELATED PERSONAL PROPERTY

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work Years	Amount
FY 1986 Budget Authority (Permanent, Indefinite)	-	-	$ 3,668
Estimate, FY 1987	-	-	3,668
Changes from FY 1986 to FY 1987	-	-	$ -

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FISCAL YEAR 1987												
	OBLIGATIONS						INCREASE OR DECREASE (-) FOR 1987					
	FY 1985		FY 1986		FY 1987		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Disposal - Real Property	-	$ 2,040	-	$ 3,168	-	$ 3,168	-	-	-	-	-	-
2. Outleasing - Government Owned Space	-	73	-	500	-	500	-	-	-	-	-	-
TOTAL	-	$ 2,113	-	$ 3,668	-	$ 3,668	-	-	-	-	-	-
Permanent Positions Established	-		-		-		-		-		-	

4,17.

FEDERAL PROPERTY RESOURCES SERVICE
PUBLIC BUILDINGS SERVICE

EXPENSES, DISPOSAL OF SURPLUS REAL
AND RELATED PERSONAL PROPERTY

SUMMARY JUSTIFICATION OF FY 1987 BUDGET ESTIMATES

BACKGROUND

Funds made available under this heading finance contractual services of appraisers, auctioneers, and brokers familiar with local markets. These services supplement the regular staff of GSA who are financed through the "Operating Expenses, Federal Property Resources Service" appropriation to accelerate the sale of surplus real property; and through the "Federal Buildings Fund" to improve the utilization of the buildings in the Public Buildings Service inventory of Government-owned real property by outleasing of that space. Funds are made available by apportionments approved by the Director, Office of Management and Budget, from receipts from sales and outleasing of surplus property, subject to a limitation of 12 percent of the proceeds of all disposals within each year, and are available for obligation only during the year in which they are approved.

1. Appraisers' Fees - This activity provides for payments to contract appraisers for appraisals of surplus properties.
2. Auctioneers' and Brokers' Fees and Surveying - This activity provides for payments to auctioneers and brokers by contract and for surveying of surplus properties.
3. Advertising - For advertising necessary in the disposal and outleasing of surplus properties.

As funds provided for this program are under a permanent legislative authorization (subsection (b), Section 204 of the Federal Property and Administrative Services Act of 1949), which requires only the approval of the Director, Office of Management and Budget under the normal apportionment process, no annual appropriation action by Congress is required.

Explanation of Changes, FY 1986 vs. FY 1987

1. Program Changes - None.
2. Other Changes - None.

Summary of Budget Authority
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted/Requested Budget Authority	$2,113	$3,668	$3,668
Reduction of Budget Authority pursuant to P.L. 99-177..		-158	
Total Budget Authority......	$2,113	$3,510	$3,668

FEDERAL PROPERTY RESOURCES SERVICE
PUBLIC BUILDINGS SERVICE

EXPENSES, DISPOSAL OF SURPLUS REAL & RELATED PERSONAL PROPERTY

PROGRAM BY ACTIVITIES
(Dollars in Thousands)

	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate
1. Disposal - Real Property			
a. Appraisers' Fees	$ 572	$ 1,000	$ 1,000
b. Auctioneers', Brokers' & Surveying Fees	121	268	268
c. Advertising	1,347	1,900	1,900
SUB-TOTAL	$ 2,040	$ 3,168	$ 3,168
2. Outleasing - Government-owned Space			
a. Appraisers' Fees	$ 5	$ 200	$ 200
b. Auctioneers', Brokers' & Surveying Fees	12	185	185
c. Advertising	56	115	115
SUB-TOTAL	$ 73	$ 500	$ 500
TOTAL	$ 2,113	$ 3,668	$ 3,668

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

24.0 Printing and reproduction - $200: Includes charges for contractual printing and reproduction and also includes charges for photostating, blueprinting and photography in support to the sale of real and related personal property and outleasing of Government-owned space.

25.0 OTHER SERVICES - $3,468: Contractual services for Appraisers, Auctioneers and Brokers.

FEDERAL PROPERTY RESOURCES SERVICE
NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work Years	Amount
FY 1986 Obligational Authority	-	-	$ 0
Unobligated Balance Carried Forward From FY 1985	-	-	$ 215,438
Total Obligational Authority, FY 1986	-	-	$ 215,438
Estimates, FY 1987 (Obligational Authority)	-	-	$ -
Changes From FY 1986 to FY 1987 (Obligational Authority)	-	-	$-215,438
FY 1986 Level Authorized by Continuing Resolution (P.L. 99-190) (Budget Authority)	-	-	$ 20,000
Estimates, 1987 (Budget Authority)	-	-	$ -
Changes From FY 1986 to FY 1987 (Budget Authority)	-	-	$ -20,000

	DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987											
	Obligations						Increase or Decrease (-) For 1987					
	FY 1985		FY 1986		FY 1987		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Acquisitions	-	$ 9,028	-	-	-	$ 28,500	-	$ +28,500	-	$ +28,500	-	-
2. Transportation and Other Expenses	-	275	-	-	-	1,500	-	+1,500	-	+1,500	-	-
3. Research Grants	-	-	-	20,000	-	-	-	-20,000	-	-20,000	-	-
TOTAL	-	$ 9,303	-	$ 20,000	-	$ 30,000	-	$ +10,000	-	$ +10,000	-	-
Permanent Positions Established	-		-		-		-		-		-	

FPR-22

N 90

FEDERAL PROPERTY RESOURCES SERVICE
NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

SUMMARY JUSTIFICATION OF 1987 BUDGET ESTIMATES

The National Defense Stockpile Transaction Fund was established by the Strategic and Critical Materials Stock Piling Act (PL 96-41) approved July 30, 1979, and amended by the Omnibus Budget Reconciliation Act of 1981 (PL 97-35) approved August 13, 1981. The Fund contains receipts from stockpile disposal sales and is used to finance the acquisition of strategic and critical materials, related transportation and other costs incidental to acquisition. Moneys received from the sale of stockpile materials being rotated are covered into the Fund and are available for the acquisition of replacement materials. In 1983 this Fund became a revolving fund.

The receipts from stockpile disposals from existing and proposed legislation estimated to be covered into the Fund are as follows:

RECEIPTS
(Dollars in Thousands)

	1985 1/	1986 1/	1987
Existing Legislation	$ 45,617	$ 5,000	$ 0
Proposed Legislation	-	-	250,000
TOTAL	$ 45,617	$ 5,000	$ 250,000

1/ Does not include receipts from Naval Petroleum Reserves for FY 1985 ($297,414) and FY 1986 (Estimate: $286,713) provided under the Defense Authorization Acts of 1985 and 1986.

It is intended that receipts (estimated at $250 million in 1987) from the sales program, will be used to fill unmet Stockpile material goals. The acquisition program is estimated at $30 million in 1987. After the annual critical materials goals are met, the remaining receipts will be deposited in the miscellaneous receipts account of the Treasury to be used toward reducing the budget deficit. Legislation will be prepared to authorize the transfer of fund balances to the Treasury after providing for the acquisition program.

The successful completion of stockpile disposal efforts presented in this submission will require the following:

- Approval of the necessary commodity disposal authorities.
- Relief from the statutory limitation (cap) on the Transaction Fund balance.
- Approval to transfer excess Fund balances to miscellaneous receipts of the Treasury.
- Removal of statutory restrictions on the disposal of silver.
- Minimal impact from the Commodity Credit Corporation barter program.

Enactment of proposed legislation will accomplish disposal receipt goals, transfer funds to the Treasury, and result in a Transaction Fund balance of $75,000,000 at the end of FY 1987. The stockpile acquisition program, estimated to be $30 million in 1987, is aimed at acquiring high technology material for the National Defense Stockpile. In addition to the acquistion and disposal programs, $20 million in grants for strategic materials research was approved in FY 1986 for the University of Massachusetts at Amherst and the University of Nevada at Reno.

Operating expenses are funded under the Operating Expenses, Federal Property Resources Service appropriation.

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND

[For the year ending September 30, 1986, in addition to the funds previously appropriated for the National Defense Stockpile Transaction Fund, pursuant to 50 U.S.C. 98a and g(a)(2)(c) and 50 U.S.C. 100(a), notwithstanding the provisions of 50 U.S.C. 98h, an additional $10,000,000 is appropriated, to remain available until expended, for a grant to construct a strategic materials research facility at the University of Massachusetts at Amherst.]

[For the year ending September 30, 1986, in addition to the funds previously appropriated for the National Defense Stockpile Transaction Fund, pursuant to 50 U.S.C. 98a and g(a)(2)(c) and 50 U.S.C. 100(a) notwithstanding the provisions of 50 U.S.C. 98h, an additional $10,000,000 is appropriated, to remain available until expended, for a grant to construct Phase II of the Mines Building at the Mackay School of Mines, University of Nevada Reno, relocate the Generic Center on the Recycling of Strategic Metals and establish the Policy Center on Strategic Materials, including such equipment as the school deems necessary to the conduct of its activities.]

NOTE - A regular 1986 appropriation for this account had not been enacted at the time this budget was prepared. A continuing resolution (Public Law 99-190) provides funds to the extent and in the manner provided for in the conference version of H.R. 3036, Treasury, Postal Service and General Government Appropriations Act, 1986, as amended by Public Law 99-190.

Explanation of Change in Appropriation Language

Funds appropriated to the University of Massachusetts at Amherst and the University of Nevada at Reno for activities associated with strategic materials research are grants for FY 1986. The FY 1987 request does not include new funds and the appropriation language should be deleted accordingly.

Summary Of Budget Authority
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted/Requested Budget Authority		$20,000	
Reduction of Budget Authority pursuant to P.L. 99-177		-980	
Total Budget Authority		$19,020	

492

FEDERAL PROPERTY RESOURCES SERVICE
WILLIAM LANGER JEWEL BEARING PLANT REVOLVING FUND

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	1985 Actual	Change 1985 vs. 1986	1986 Estimate	Change 1986 vs. 1987	1987 Estimate
A. Income/Cost Comparison					
Total Revenue	$ 2,998	+402	$ 3,400	-	$ 3,400
Total Expense	2,586	+814	3,400	-	3,400
Profit/(Loss)	$ 412	-412	-	-	-
B. Appropriation	-	-	-	-	-
C. Net Outlays	$ 390	-390	-	-	-

	DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987					
		OBLIGATIONS		INCREASE OR DECREASE (-) FOR FY 1987		
	1985 Actual	1986 Estimate	1987 Estimate	Total Changes	Program Changes	Other Changes
1. Jewel Bearing Production	$ 3,029	$ 3,400	$ 3,400	-	-	-
(No employment - Contractor-Operated Plant)						

SUMMARY JUSTIFICATION OF FY 1987 ESTIMATES

The Government-owned William Langer Jewel Bearing Plant at Rolla, North Dakota is the only facility of its kind in the United States which has the capability to produce all types of jewel bearings and related items in quantity. The plant was established by the Department of Defense in 1953 and turned over to GSA in 1957. On January 1, 1970, financing of the operation was placed under a revolving fund, which was authorized by Public Law 90-469, approved August 8, 1968.

The plant produces jewel bearings and related items for sale at fixed prices to Government agencies, and their contractors and subcontractors for national defense purposes, and to GSA for the National Defense Stockpile. One of the related items is a newly developed low cost dosimeter, a radiation measuring device. It is produced for the Federal Emergency Management Agency under the agency's National Civil Defense Program. Mandatory source provisions are contained in the Federal Procurement Regulations and Armed Services Procurement Regulations in support of this operation. These provisions require Government agencies and their contractors to procure and use jewel bearings manufactured at the Langer Jewel Bearing Plant under certain specified conditions.

AUTHORIZING LANGUAGE

Public Law 90-469, approved August 8, 1968, authorized the Administrator of General Services "to provide for the operation, by contract or otherwise of the William Langer Jewel Bearing Plant, located at Rolla, North Dakota, to produce jewel bearings and related items for Government use or for sale, at prices determined by the Administrator to be sufficient to cover the estimated or actual costs of production, including depreciation . . ."

BLANK PAGE

THURSDAY, MARCH 13, 1986.

OFFICE OF INSPECTOR GENERAL

WITNESSES

WILLIAM R. BARTON, INSPECTOR GENERAL, GENERAL SERVICES ADMINISTRATION

CHARLES R. GILLUM, DEPUTY INSPECTOR GENERAL

Mr. ROYBAL. The Committee is in session this morning to hear from the Inspector General, with regard to his appropriation request for 1987.

Will you please proceed in any manner you may desire.

Mr. BARTON. With your permission, sir, I would like to read this statement.

Last year when I appeared before the subcommittee as a witness on behalf of the United States Secret Service, the thought crossed my mind that I might not again have the opportunity to appear before you.

So, let me express my pleasure at not only seeing all of you again, but also being afforded the opportunity to appear as the Inspector General and present the fiscal year 1987 appropriation request for the Office of Inspector General, General Services Administration.

Accompanying me today is Charles R. Gillum, Deputy Inspector General.

The appropriation request for the Office of Inspector General totals $21,108,000 and provides for a $1,153,000 increase over the fiscal year 1986 appropriation for this activity.

A maximum employment ceiling of 452 workyears for fiscal year 1987 is also established. Of these workyears, 417 are fundable based on our current personnel rates.

Before I get into the specifics of my testimony, I would like to share with you some general observations that I have made about the Office of Inspector General since my appointment on October 29, 1985, as well as my concerns for the future of this organization.

My impression of the Office of Inspector General work force is that, overall, it is composed of dedicated, knowledgeable, professional employees who are and should be proud of their past and current accomplishments.

These same employees who have accomplished so much have also witnessed several years of declining budgets which have translated to a work force of approximately 30 percent.

This reduction has resulted from a combination of increased operating and personnel-related costs, as well as from across-the-board budget reductions that have occurred over this period.

The effect of this continuous erosion of resources goes beyond staffing levels. It is also reflected in each employee's concern for the future.

During my early discussions with the Office of Inspector General employees, I was impressed by the number of young people who spoke not only for their own future career opportunities, but also for the future of this organization.

Several of these young people expressed the need to find employment elsewhere. Indeed, since my early talks, some of them have done so.

It is extremely difficult to convey a sense of mission and worth to these young employees without having the ability to present a viable picture for the future.

I expressed these concerns to Administrator Golden. He shares them and fully supports this effort to begin restoring the Office of Inspector General and obtain the wherewithal to address the future.

The increase I am requesting constitutes a good first step in that effort.

The Office of Inspector General was established within GSA pursuant to the provisions of the Inspector General Act of 1978. The missions of the Office, consistent with the Act, are to identify and report on instances of waste, inefficiency, and mismanagement; to provide recommendations for improvements to GSA management; and to detect, investigate, and refer to proper authorities all instances of fraud and abuse.

These missions are addressed through our audit and investigative components. Despite the fact that fundable positions have been significantly reduced during recent fiscal years, the accomplishments of this organization in fiscal year 1985 are still noteworthy.

Among these were:

663 audit reports were issued;

Recommended cost avoidances and recoveries totalling $148.9 million were identified;

Management commitments to more efficiently use $137 million were obtained;

Management commitments to recover funds, court-ordered recoveries, and investigative recoveries of $20.5 million were obtained;

624 new investigations were opened, and 726 investigative cases were closed;

70 cases, which included 143 subjects, were accepted by the Department of Justice for criminal prosecution;

13 cases, 18 subjects, were accepted by the Department of Justice for civil litigation;

63 successful prosecutions of criminal matters, 59 criminal indictments/informations/complaints, 69 contractor debarments, and 13 contractor suspensions were concluded.

The Office of Inspector General request provides for increased authority totalling $1,153,000 over the fiscal year 1986 level. This increase reflects $153,000 for price escalations in non-personnel related expenses, $150,000 for additional contract audit support from other audit organizations, and $850,000 to cover salaries, benefits, and other related costs associated with 29 audit positions that were unfunded in the fiscal year 1986 appropriations. Overall, the Office of Inspector General request provides funding for 417 positions, in contrast to the proposed ceiling of 452 positions.

Funding at $21,108,000 and a staffing level of 417 would provide considerable benefit to the Government. The additional 29 auditors would directly result in 65 additional preaward and post-award audits of contracts each year and about 26 additional internal reviews.

This increased production would translate into an additional $17,500,000 in cost avoidances and recoveries, bringing our anticipated fiscal year 1987 totals in these areas to $159,400,000.

We would also be able to maintain our current investigative staffing and productivity levels.

Mr. Chairman, this concludes my opening statement.

I will be glad to respond to questions from you and other members of the subcommittee.

Mr. **Roybal**. Thank you, Mr. Barton.

CONTRACT AND INTERNAL AUDITS

Mr. **Roybal**. I, first of all, would like to welcome you to the Committee this morning.

The last time you appeared before this Committee, you were the Deputy Director of the Secret Service, but, now, as Inspector General, you are going to, no doubt, have additional duties and responsibilities—and I wish you every success in this new endeavor.

Mr. **Barton**. Thank you very much, Mr. Chairman. I appreciate your remarks.

Mr. **Roybal**. Now, you told the Committee you had issued 663 audit reports. Still, you are asking for an additional $1 million and 29 positions for what I understand to be contract and internal audit support.

Now, what does that mean, and would that increase your audit reports ultimately?

Mr. **Barton**. Contract auditing is the auditing of contracts awarded by GSA: Internal audits are audits of internal systems within GSA.

Our thinking is that we would like to emphasize preaward audit of contracts. Contract audits would then be about 55 percent of our audit workload and internal audits would be about 45 percent.

The emphasis would be on preaward audit of contracts. By doing this, we expect to be able to provide both greater coverage and service.

ADDITIONAL FTE

Mr. **Roybal**. You will have to hire 29 auditors?

Mr. **Barton**. Yes, in order to increase our total efforts. We would like to be able to increase the number of audits that we perform.

There are approximately 6500 contracts that are let by GSA, so 600 audited is a small percentage and we would like to increase the number of contracts we audit annually.

Mr. **Roybal**. Are you asking for 29 new positions to do internal auditing?

Mr. **Barton**. Internal and contract auditing.

Mr. **Roybal**. Is contract auditing that is done by someone else under contract?

Mr. **Barton**. The contract audits are audits of contracts that are let by GSA, for leases, purchase of supplies and equipment and so forth.

Mr. **Roybal**. All right. It sounded to me as if you were doing both—increasing your internal audit capability, and, at the same time, increasing your outside work that is contracted with outside organizations.

Mr. **Barton**. No, sir, Mr. Chairman.

Mr. **Roybal**. All right, so I understand that now.

Now, the total funding requested by the Inspector General is $21.1 million?

Mr. **Barton**. Yes.

Mr. **Roybal**. Now, that is $2.6 million more than last year?

Mr. **Barton**. Yes, sir.

Mr. **Roybal**. Under Gramm-Rudman, we are supposed to be decreasing.

Mr. **Barton**. Yes.

Mr. **Roybal**. Why are we increasing in this instance?

Mr. **Barton**. I think the agency position is to have the Office of Inspector General review more contracts and perform more internal reviews. With the 29 additional auditors, we can increase the number of audits performed and conduct more internal reviews, and in the long term, realize more savings to other agencies and also to GSA.

ANTICIPATED BENEFITS

Mr. **Roybal**. The anticipated benefits would be more revenue?

Mr. **Barton**. More savings.

Mr. **Roybal**. Therefore, the justification for this is that you are investing an additional $2.6 million, and you expect to have a return on that investment?

Mr. **Barton**. Yes, sir.

Mr. **Roybal**. Do you have an estimate as to what kind of return it will be?

Mr. **Barton**. Mr. Gillum?

Mr. **Gillum**. Mr. Chairman?

Mr. **Roybal**. Yes, sir, Mr. Gillum. Would you proceed?

Mr. **Gillum**. We have some productivity factors that we measure our work by in the performance of our audits, and we know, for example, that for every person, every FTE that we can add to our office, we will on the average be able to recover some $444,000, or almost a half million dollars, in money better spent and/or money recovered. That is about a tenfold return on an investment, in just that one category.

Mr. **Roybal**. In other words, $10 for every dollar invested is your expected return?

Mr. **Gillum**. Yes, sir.

Mr. **Roybal**. Is that based on actual experience?

Mr. **Gillum**. Yes, sir.

Mr. **Roybal**. Then you not only anticipate but you are fairly sure that that is going to be the return ratio?

Mr. **Gillum**. Yes, sir. We have a five-year history which shows that we have been able to maintain that level of savings or recoveries and that is only one productivity factor.

In the area of recommended cost-avoidance alone, it will be about $600,000 per FTE, which would be over the 10 to 1 ratio, without considering indictments, convictions, debarments, suspensions, and other things that would be included.

Mr. **Roybal**. Those are additional benefits?

Mr. **Gillum**. Yes, sir.

Mr. **Roybal**. So those benefits include increased detection of fraud?

Mr. **Gillum**. Yes, sir.

INTERNAL FRAUD

Mr. **Roybal**. To what extent is fraud a problem in GSA?

Mr. **Barton**. Since I have been at GSA, I have been impressed with the people that work for the Agency. I am also aware that with an estimated $7 billion annual expenditure by GSA, for this coming year, there certainly are areas where fraud could be committed.

I think what I have seen since I have been in GSA is a willingness, on the part of the Administrator and his staff, to work with the Inspector General's Office, in tightening up on internal controls to help prevent fraud from happening.

I think fraud committed within the Agency by employees is probably a very small figure.

Mr. **Roybal**. But there is some fraud?

Mr. **Barton**. I would think so.

Mr. **Roybal**. Have you personally uncovered any fraud since you have been its director?

Mr. **Barton**. Yes, we have had two cases. One, against whom the indictment was just issued, was a buildings manager in Texas who was using a false company that was doing work for GSA, and collecting the funds.

We had a nine-point indictment on that one.

Mr. **Roybal**. What does that mean, Inspector—a "nine-point indictment"?

Mr. **Barton**. I am sorry, sir, it is a nine-count indictment.

Mr. **Roybal**. Oh, nine-count?

Mr. **Barton**. Yes.

Mr. **Roybal**. Mr. Wolf.

Mr. **Wolf**. I really do not have any questions. I just want to welcome you to the committee. I was looking at your background. I am just impressed that you were willing to stay with the government. Somebody with your impressive background could have gone out and worked for one of the security companies or something like that. I just feel a lot better knowing that you are there at GSA, and I think you make a great contribution. I want to welcome you. If I can cooperate in any way, I would be glad to help you.

Mr. **Barton**. Thank you, Congressman Wolf.

Mr. **Roybal**. Mr. Coleman?

Mr. **Coleman**. Thank you, Mr. Chairman.

First of all, I want to thank your office for the efforts and cooperation with my office with respect to the GSA border crossing issue. I think that many members of Congress were fairly astounded when I would ask simple questions like who is in charge here, and nobody has an answer. And through the work of your office, I can tell you that the folks along the border of this country are most appreciative.

Mr. **Barton**. Thank you very much, sir.

UNFUNDED POSITIONS

Mr. **Coleman**. Part of the funding increase is to provide for 29 unfunded audit positions.

Why were these positions unfunded in fiscal year 1986?

Mr. **Barton**. The 452 positions reflected in our budget is a ceiling for employment, and the actual level of employment that we can support is 417. The 29 positions constitute the difference between 417 positions for which we are requesting funding and the total number of positions which we can support at current costs in FY 1986 with an appropriation of $19,955 thousand.

BID PROTESTS

Mr. **Coleman**. Is the IG involved in bid protests as a result of the Competition and Contracting Act, do you get involved in it; in other words, does the IG lend its services to General Management and Administration?

Mr. **Barton**. I would think so, if there was some indication of fraud, or something that might be otherwise inappropriate.

Mr. **Coleman**. As I understand it, the increase is over fiscal year 1986 in this request, but that it does not make up Gramm-Rudman's $850,000 cut?

Mr. **Barton**. Our budget request of $21,108,000 does in effect restore the $856,000 reduction due to Gramm-Rudman-Hollings.

Mr. **Coleman**. Well, thank you very much, Mr. Chairman. I appreciate it.

Mr. **Roybal**. Thank you, Mr. Barton. We would like to thank you and your colleagues for your presentation this morning.

Mr. **Barton**. Thank you very much.

Mr. **Roybal**. And again, I would like to wish you every success.

Mr. **Barton**. Thank you, sir.

Mr. **Roybal**. We will insert the justification in the record at this point.

[The justification follows:]

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct and Reimbursable)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work Years	Amount
FY 1986 Level Authorized by the Continuing Resolution, Public Law 99-190	410	440	$19,305
Adjustments: Transfer from S&E, OM&A	+12	+12	+650
FY 1986 Revised	422	452	$19,955
FY 1987 Estimate	422	452	21,108
Change from FY 1986 to FY 1987	0	0	+$ 1,153

DIGEST OF BUDGET ESTIMATES FOR FISCAL YEAR 1987

	OBLIGATIONS						INCREASE OR DECREASE (-) FOR 1987					
	FY 85 Actual		FY 86 Program		FY 87 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
DIRECT PROGRAM	398	$21,032	388	$19,955	417	$21,108	+29	+$1,153	+29	+$1,000	-	+$153
REIMBURSABLE PROGRAM 1/	-	6	-	110	-	110	-	-	-	-	-	-
UNFUNDED FTE	-	-	64	-	35	-	-29	-	-29	-	-	-
TOTAL	398	$21,038	452	$20,065	452	$21,218	-	+$1,153	-	+$1,000	-	+$153
Permanent Positions Established	(373)		(422)		(422)		(-)		(-)		(-)	

1/ Provides audit support services as requested by small commissions and agencies.

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct)

SUMMARY OF BUDGET AUTHORITY
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted/Requested Budget Authority........................	$21,261	$19,955	$21,108
Reductions of Budget Authority pursuant to P.L. 99-177....	-	- 858	-
Total Budget Authority....................................	$21,261	$19,097	$21,108

SUMMARY JUSTIFICATION OF FY 1987 BUDGET ESTIMATES

Direct obligational authority requested for FY 1987 is $21,108,000, an increase of $1,153,000 over the revised FY 1986 level. This increase reflects $153,000 for price esc[illegible] non-personnel expenses, $150,000 for additional contract (award and preaward) audit support, and $850,000 to cover salaries, benefits, SLUC, and other related costs associated with 29 FTE unfunded in FY 1986.

These additional resources would result in 65 additional preaward and post award audits per year and about 26 additional internal reviews. This translates into an additional $17,500,000 in cost avoidances and recoveries. It should be noted that during the 12-month period ended September 30, 1985, recoveries alone amounted to $7 million. Also, maintenance of the current Investigative staffing level will allow the continuation of a level of productivity in which approximately eight cases are closed per FTE.

As a result of reduced resources in recent years, substantial opportunities to improve Agency efficiency and economy are being lost. While audit coverage will be provided in high priority program areas or areas of known vulnerability, many audit programs will suffer from lack of effective staffing and not be undertaken. Insufficient audit coverage in the external (contract) audit program has resulted in significant lost opportunities for cost avoidance and recoveries, since even minimally adequate audit coverage of GSA solicitations and contracts is not possible. In addition to the Inspector General's basic statutory responsibilities, there are more recent mandates requiring fulfillment. The major additional functions are in the areas of the Federal Managers Financial Integrity Act, Internal Control Systems, and new initiatives of the General Services Administration. Included in the Agency's initiatives are: The outleasing of vacant Federal office space; more efficient space utilization by Federal agencies; increased emphasis on the disposal of excess real property; and, enhancement of the Agency's ability to provide goods and services to Federal agencies.

Included in the total 452 workyears for FY 1986 and FY 1987 are 64 workyears and 35 workyears respectively that can not be supported from the funding available in the OIG account.

432

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct)

SUMMARY EXPLANATION OF CHANGES REQUESTED FOR FY 1987
(Dollars in Thousands)

	Work Years	Amount
PROGRAM CHANGES:		
Additional Contract and Internal Audit Support........................	+29	+$1,000
Reduction in Unfunded FTE..	-29	-
TOTAL PROGRAM CHANGES..	-	+$1,000
OTHER CHANGES:		
Price Escalation in Non-personnel Expenses.........................	-	+$ 153
TOTAL OTHER CHANGE...	-	+$ 153
TOTAL CHANGE, 1986 COMPARED TO 1987................................	-	+$1,153

433

OFFICE OF INSPECTOR GENERAL
(Dollars in Thousands)

	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
Direct Program	398	$21,032	388	$19,955	417	$21,108	+29	+$1,153	+29	+$1,000	-	+$153
Unfunded FTE	-	-	64	-	35	-	-29	-	-29	-	-	-
Total OIG	398	$21,032	452	$19,955	452	$21,108	-	+$1,153	-	+$1,000	-	+$153

BACKGROUND

The Office of Inspector General (OIG) implements in its entirety the provisions of the Inspector General Act of 1978.

Consistent with the Inspector General Act, the OIG has been given total responsibility for the audit and investigative functions of the agency. Its mission is to detect and investigate all instances of fraud and abuse in agency programs and assure that proper corrective action is taken. The office is also charged with the responsibility for reporting on waste, inefficiency and mismanagement, and making recommendations for improvement.

Contract audit, internal audit, and inspections services are conducted by the audits program. Contract audits provide contracting officials with professional advice on accounting and financial matters relative to the negotiation, award, administration, repricing and settlement of contracts. Internal audits deal with all facets of GSA operations. Inspections services provide detailed technical evaluations of GSA operations. The investigations program provides for the detection and investigation of criminal activities against GSA by its employees, vendors doing business with the agency, and by other individuals or groups of individuals.

The Inspector General Act also requires that the Inspectors General move beyond their traditional role of detecting and preventing fraud, waste and abuse, to also assume responsibility for promoting economy and efficiency. The GSA Office of Inspector General has a unique role within the Federal structure in that its activities affect all Federal agencies and several state programs. The broadened mandate requires increased emphasis on more effective involvement with other governmental agencies, identification of systemic problems, participation in the design of new programs, review of proposed legislation and regulations, and employee awareness programs.

JUSTIFICATION

CONTRACT AUDIT ACTIVITIES

Allocation of additional resources to the performance of contract audits would greatly enhance the efficiency and effectiveness of GSA's contracting programs. For example, during the 12 month period ended September 30, 1985, the OIG issued 416 contract audit reports recommending avoidances and recoveries of over $134 million, with $7 million in Federal funds recovered and $130 million in documented cost avoidances. This translates into a yield of $1,469 in recommended avoidances and recoveries per direct audit hour.

While audit results have been substantial, the Office of Audits has identified significant numbers of contracts which should be audited to obtain additional savings, but cannot be be fully addressed with current resources. A summary follows:

- GSA issues 90 Federal Supply Negotiated Comrercial Item Schedules, involving over 3,600 individual contracts, annually to procure $2.7 billion worth of personal property supplies. Although it is desirable that these contracts be audited on a three-year cycle, at FY 1985 resource levels only 130 contracts can be reviewed annually.

- GSA's Information Resources Management Service (IRMS) manages, procures, and administers the government's ADP and communications program designed to meet the needs of all Federal agencies. IRMS's more than 200 procurement contracts subject to audit are valued at $2.3 billion. About 40 percent of these contracts are being audited each year.

- Historically, post award defective pricing and/or price reduction audits of IRMS and FSS schedule contracts have been significant audit areas which have resulted in substantial recoveries of taxpayer dollars. For example, for the 12 month period ended September 30, 1985, recoveries of over $6.7 million in Federal funds were returned to the Treasury as a direct result of such audits. In addition, post award audits have provided a means for detecting irregularities related to negotiated awards and correcting conditions which may lead to waste, fraud, or abuse.

- GSA has about 4,800 leases for space which are subject to escalation in one, three, or five year cycles. The total value of this program is about $1 billion. In accordance with the PBS Commissioner's directive dated January 4, 1982, an audit is required on all existing leases when the amount of increase exceeds $100 thousand per year or $200 thousand in total. During FY 1985, we audited 38 leases which resulted in recommended cost avoidances of $16.0 million.

- Additional resources would also result in increased effectiveness of audit coverage of the award and administration of PBS contracts. PBS administers several thousand contracts having a procurement value of about $1 billion. This includes contracts for construction, repair and alterations, and the procurement of cleaning, protection, and maintenance services. For example, PBS negotiates about 120 contracts each year for mechanical operations, maintenance, and cleaning services which exceed $100 thousand in annual costs. Although we should audit each of these contracts, at FY 1986 resource levels fewer than 30 can be audited annually.

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct)

INTERNAL AUDITS

The Office of Audits conducts management reviews of GSA programs and activities to evaluate whether they are functioning in an efficient, effective and economical manner, and that they are adequately safeguarded from fraud or waste by effectively operated systems of internal controls. The Office possesses professionally skilled staff in the fields of accounting, finance, ADP, engineering, quality assurance, contracting, and real estate, which affords it the opportunity to perform complex managerial and technical analysis of GSA operations.

During the 12 month period ended September 30, 1985, the Office issued 247 management audit reports containing hundreds of recommendations for enhancing GSA policies and procedures. These reports identified over $14.3 million in recommended avoidances and recoveries. In addition, audit recommendations for improvement of policies and procedures enhance the efficiency and effectiveness of operations, but these improvements often cannot be quantified.

The OIG prefers to conduct comprehensive audits of entire GSA programs and activities but acknowledges that this type of review is resource intensive and affords very limited coverage across GSA. Accordingly, a balance has been established by assigning some resources to complex, comprehensive examinations of very high priority GSA programs, while simultaneously providing more limited audit coverage to the remaining programs and operations. Professional training and development programs have been undertaken which will increase the individual proficiencies of OIG auditors and result in real productivity gains.

INVESTIGATIONS

Development of prosecutable white collar crime investigations -- fraud, bribery, embezzlement, and false claims -- requires staff-intensive assistance to Department of Justice attorneys or local prosecutors. At anticipated FY 1986 staffing levels, only the highest priority cases can be serviced properly; additional resources would result in a proportionate increase in the number of such cases which can be addressed.

Increased emphasis on civil and administrative remedies to eliminate unethical contractors from dealing with the government, and to discipline Federal employees, requires investigators to concurrently develop both criminal and civil prosecution, as well as pursue possible administrative actions with management. Those directions increase both the complexity and time required to complete the investigative case work.

We receive a number of requests from Congress, OMB, GAO, the President's Council on Integrity and Efficiency, the Administrator, and others for information. Additional resources would allow such requests, which are given highest priority, to be performed with less direct impact on the amount of other investigative workload which can be accomplished. Although no additional resources are requested for Investigations, it is expected that current productivity levels will continue. For example, over the past three years, approximately 7.7 cases have been closed per investigative FTE.

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct)

EXPLANATION OF CHANGES - FY 1987 VS FY 1986

The Office of Inspector General increase of $1,153,000 from FY 1986 to FY 1987 consists of:

- $150,000 for increased support from other federal audit organizations, such as the Defense Contract Audit Agency, in performing contract (award and preaward) audits of vendors in those cases where other agencies have audit cognizance.

- $850,000 to provide for increased emphasis on both contract and internal audits.

- $153,000 to cover inflationary increases.

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct)

SELECTED WORKLOAD DATA
(Dollars in Thousands)

The following table reflects OIG productivity and workload data for Fiscal Years 1983, 1984, 1985, and estimated 1986 and 1987. The productivity data demonstrate the high rate of return on dollars invested in OIG personnel, in terms of costs recovered and avoided, audit reports issued, investigative referrals, and employee actions; they are based on actual work years - full-time equivalent (FTE) positions - incurred, and as such are not influenced by fluctuating staffing levels. As these statistics have now been maintained for over five years, they provide a basis for projecting future accomplishments and productivity. Statistics for these fiscal years are as follows:

	Actual FY 83	Actual FY 84	Actual FY 85	FY 86 EST	FY 87 EST
Productivity Data:					
Total Costs Recovered/Avoided per Operations Employee......	$ 352.9	$ 522.7	$ 444.2	$ 444.2	$ 444.2
Recommended Cost Avoidance and Recovery per Auditor........	$ 587.9	$1,357.1	$ 601.6	$ 601.6	$ 601.6
Audit Reports per Auditor..................................	3.2	3.1	2.7	2.7	2.7
Referrals (Criminal, Civil, and Administrative) per Investigator..	5.9	8.4	7.6	7.6	7.6
Criminal Referrals per Investigator........................	2.2	2.3	1.9	1.9	1.9
Employee Actions (Reprimands, Terminations, Suspensions, and Demotions) per Investigator..........................	1.2	1.6	1.5	1.5	1.5
Workload Data:					
Audit Reports Issued.......................................	827	819	663	637	716
Recommended Cost Avoidance and Recovery....................	$150,500.0	$354,000.0	$148,910.0	$142,000.0	$159,400.0
Management Commitments to Avoid............................	$112,900.0	$164,600.0	$137,000.0	$130,300.0	$146,300.0
Management Commitments to Recover, Court-Ordered Recoveries, and Investigative Recoveries..........................	$ 14,700.0	$ 30,200.0	$ 20,500.0	$ 19,300.0	$ 21,000.0
Investigative Cases Closed.................................	718	871	726	665	665
Case Referrals Accepted for Criminal Prosecution...........	75	68	70	64	64
Case Referrals Accepted for Civil Litigation...............	17	20	13	12	12
Criminal Indictments/Informations/Complaints...............	60	49	59	54	54
Successful Criminal Prosecutions...........................	62	43	63	58	58
Civil Settlements/Judgments................................	38	35	20	19	19
Reprimands/Suspensions/Demotions/Terminations of GSA Employees...	118	163	150	138	138
Contractor Suspensions/Debarments..........................	69	76	82	76	76
IG Subpoenas...	18	22	26	26	26
Legislation/Regulations Reviewed...........................	455	615	911	862	937

EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.0 Personnel Compensation - $15,233,000: For 417 workyears distributed as follows:

	1985	1986	1987
Total Workyears	398	388	417

12.0 Employee Benefits - $1,723,000: Includes $1,065,000 for direct contributions to the retirement fund; $345,000 for health benefits; $29,000 for group life insurance; $164,000 for Medicare payments; $112,000 for payments to the Employee Compensation Fund; and $8,000 for other benefits.

21.0 Travel and Transportation of Persons -$1,193,000: Includes $183,000 for Motor Pool and $1,010,000 for travel expenses in connection with the audit and investigation of GSA activities and contracts awarded by GSA.

22.0 Transportation of Things - $120,000: For commercial transportation of reports as well as investigative and audit materials and relocation of personnel to respond to workload.

23.1 Payments to Federal Buildings Fund for Standard Level User Charge - $1,343,000.

23.3 Communications/Utilities/Misc. Charges - $471,000: Includes $37,000 for postage and fees, and $434,000 for communications, utilities, and rents.

24.0 Printing and Reproduction - $74,000. Includes rental and operation of reproduction equipment and commercial printing of audit, investigative and administrative documents.

25.0 Other Services - $878,000: For payments not to exceed $10,000 for information and detection of fraud against the Government including payment for recovery of stolen Government property, plus $177,000 for DCAA support; $63,000 for equipment purchase; $100,000 for security clearances; $200,000 for training; $170,000 for equipment maintenance; and $138,000 for other commercial contracts (including court transcripts, health and medical facilities at remote stations, and contracts related to conduct of audits and investigations).

26.0 Supplies - $73,000: For normal administrative supplies.

439

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct)

Statement of Actual and Estimated Personnel and Obligations By Object Classification for Fiscal Years 1985, 1986, and 1987

(Dollars in Thousands)

Work Years	1985 Actual	1986 Program	1987 Request	Increase or Decrease Compared with 1986	% Change 87 vs. 86
Central Office	398	452	452	-	-
Permanent	394	450	450	-	-
Other	4	2	2	-	-
Code and Object Classification					
11 Personnel Compensation	$14,744	$14,772	$15,233	$+ 461	+ 3
12 Personnel Benefits	1,783	1,532	1,723	+ 191	+ 12
21 Travel & Transportation of Persons	821	1,010	1,010	-	-
Motor Pool	75	88	183	+ 95	+108
22 Transportation of Things	8	19	120	+ 101	+532
23 Payments to FBF (SLUC)	1,302	1,240	1,343	+ 103	+ 8
Communications, Utilities & Other Rents	614	452	471	+ 19	+ 4
24 Printing and Reproduction	110	71	74	+ 3	+ 4
25 Other Services 1/	1,370	701	878	+ 177	+ 25
26 Supplies & Materials	72	70	73	+ 3	+ 4
31 Equipment	123	-	-	-	-
42 Ins. Claims/Indemnities	10	-	-	-	-
Total Obligations	$21,032	$19,955	$21,108	$+1,153	+ 6

1/ Includes $10,000 for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property.

440

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Direct)

SUMMARY OF EMPLOYMENT
Number of Workyears

Principal Categories	Actual 1985	Program 1986	Request 1987	Change from 1986 to 1987 Program	Other	Total
Executive	6	7	7	-	-	-
Management and Administrative Direction	31	31	31	-	-	-
Professional	305	298	325	-	-	-
Clerical	52	50	52	-	-	-
Unfunded FTE	-	64	35	-	-	-
Subtotal	394	450	450	-	-	-
Part-time and Temporary	4	2	2	-	-	-
Total	398	452	452	-	-	-

GENERAL SERVICES ADMINISTRATION

OFFICE OF INSPECTOR GENERAL

For necessary expenses of the Office of Inspector General; ($19,305,000) $21,108,000: Provided, that not to exceed $10,000 shall be available for payment for information and detection of fraud against the Government, including payment for recovery of stolen Government property. (Public Law 95-452, Inspector General Act of 1978)

Note: A regular 1986 appropriation for this account had not been enacted at the time this budget was prepared. A continuing resolution (Public Law 99-190) provides funds to the extent and in the manner provided for in the conference version of H.R. 3036, Treasury, Postal Service and General Government Appropriations Act, 1986, as amended by Public Law 99-190.

OFFICE OF INSPECTOR GENERAL
Operating Expenses (Reimbursable)

REIMBURSABLE PROGRAM ($ in thousands)

	FY 1985 Estimate		FY 1986 Estimate		FY 1987 Estimate	
	Work Years	Amount	Work Years	Amount	Work Years	Amount
REIMBURSABLE PROGRAM	-	$110	-	$110	-	$110

The OIG requires reimbursable funding in the amount of $110 thousand for audits and investigations in which we are the cognizant agency, or when audits or investigations requiring specialized skills are performed under reimbursable agreements for other federal agencies.

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government agencies.

443.

BLANK PAGE

THURSDAY, MARCH 13, 1986.

GENERAL MANAGEMENT AND ADMINISTRATION

WITNESSES

RAYMOND A. FONTAINE, COMPTROLLER

WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET

Mr. ROYBAL. The committee will now hear from General Management and Administration. Mr. Fontaine, will you proceed in any manner you desire.

Mr. FONTAINE. Mr. Chairman, I would like to submit a short formal statement for the record.

Mr. ROYBAL. That will be included in the record at this point.

[Statement of Mr. Fontaine follows:]

STATEMENT BY MR. RAYMOND A. FONTAINE
COMPTROLLER, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
OF THE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. Chairman and Members of the Subcommittee:

Before responding to your specific questions, I would like to briefly summarize the General Services Administration's 1987 request for agencywide activities funded by the Salaries and Expenses, General Management and Administration account.

The General Management and Administration (GM&A) appropriation provides for planning, policy direction, coordination, centralized administration, and staff support for all GSA programs, many of which are Governmentwide in scope. For 1987, we are requesting an appropriation of $125.4 million, $8.6 million over comparable 1986 levels.

This net change provides $6.3 million for the recompetition of our teleprocessing services contract which supports our accounting operations; $725 thousand for 30 additional positions and other support costs for enhancement of the Indian Trust Accounting program; $160 thousand for ADP equipment in support of the Personnel Information Resources System (PIRS); $442 thousand for 7 additional positions for enhancement of the ADP bid protest program; $300 thousand for 6 positions for the implementation of the Program Fraud Civil Penalties Act; and $532 thousand for 5 positions transferred to GSA for the

Regulatory Information Service Center. These increases are partially offset by savings associated with the consolidation of regional Finance operations and implementation of A-76 initiatives.

This completes my summary statement, Mr. Chairman. We would be pleased to respond in greater detail to those areas of specific interest to the Subcommittee.

INCREASES OVER 1986

Mr. **Roybal**. One of the things that is quite amazing to me, Mr. Fontaine, is that GSA, in spite of Gramm-Rudman, has come in with budgetary requests that exceed last year's budget in some instances quite substantially.

In this instance, the increase over 1986 is $6 million. Can you tell the committee why that was necessary?

Mr. **Fontaine**. Included is restoration of the Gramm-Rudman reduction for 1987 since OMB treated that as a one time thing.

In the case of this account, there is one increase that amounts to about $6 million. We are in the process of recompeting our accounting and payroll system which is presently on a teleprocessing services contract with Computer Sciences Corporation and is about to expire. We have to recompete and there is the possibility the incumbent vendor might not win. If that should be the case, there would be a conversion cost on the order of $6.3 million to convert the systems and programs to the new equipment.

We could be going to Sperry, Burroughs, IBM, or any vendor that might successfully bid. We would have a one time cost if the incumbent vendor does not win, and that is approximately $6 million.

The actual cost of conversion may be more or less than the $6.3 million requested, depending on the winning proposal. A lower cost may result in an unobligated balance in the GMA account which of course would be returned to Treasury.

MONEY RETURNED TO TREASURY

Mr. **Roybal**. Returning money to the Treasury would be something new, would it not?

Mr. **Fontaine**. No, sir, we return money every year. I would like to supply for the record a list of all our accounts and the amounts we returned to the Treasury at the end of FY 1985.

Mr. **Roybal**. Do you mean individual accounts of more than $6 million?

Mr. **Fontaine**. The unobligated balances of all of our accounts funded by annual appropriations are returned to Treasury each year.

Mr. **Roybal**. I would like to see a long list of that.

Mr. **Fontaine**. We would be delighted to supply that for the record.

Mr. **Roybal**. Because this committee can very well reduce that appropriation the following year by those amounts.

Mr. **Fontaine**. The total is made up from a number of accounts. Our budget request is based on requirements to fund the programs—not the amounts appropriated in prior years. Amounts unused and returned to Treasury from previous appropriations have been considered in determining that request.

Mr. **Roybal**. Oh, I see.

Mr. **Fontaine**. Not just one account.

Mr. **Roybal**. I see. Please provide that list for the record.

[The information follows:]

Statement of Balances for Appropriation Items

[IN THOUSANDS OF DOLLARS]

	1985
Unobligated Balances Lapsing:	
OE, Personal Property	1,038
OE, Information Resources Management Service	1,849
OE, Federal Property Resources Service	945
Salaries and Expenses, General Management & Administration	4,702
Inspector General	229
Former Presidents	47
Total	8,810
Unobligated Balance Available, End of Year:	
OE, FPRS	1,603
Economic Opportunity Act Close-Out Activities	942
Total	2,545
Capital Transfer to General Fund:	
General Supply Fund	55,807
Automatic Data Processing Fund	2,597
Federal Telecommunications Fund	3,088
Working Capital Fund	703
Total	62,195

TRANSPORTATION AUDIT FUNCTION

Mr. **Roybal**. Why did you transfer the transportation audit function to the Federal Supply Service?

Mr. **Fontaine**. Again, the Federal Supply Service has government-wide responsibilities for travel and transportation management, which includes the motor pool fleets and the Diner's Club cards that the agencies are using for travel expenses.

The transportation audits function is a government-wide program and we feel that makes sense, organizationally, to put the two together so that all travel and related functions are under one umbrella.

UNFUNDED FTE

Mr. **Roybal**. Your statement referred to undistributed full-time equivalents. What does that mean?

Mr. **Fontaine**. We had some excess FTE ceiling that was unfundable. It goes back to 1986 when this account took a 10 percent across-the-board cut. That is also part of Mr. Barton's problem that he talked about not being able to fund all the FTE he had available. So we are offering them up. There is no reason for us to keep a ceiling that we cannot possibly afford to fund.

Mr. **Roybal**. What is the reduction of 191 work years you identify under the title of undistributed full-time equivalents?

Mr. **Fontaine**. Again, this ceiling that we no longer need. We cannot fund them to we might as well give them up and have our budget reflect this.

Mr. **Roybal**. Well, is that not one good reason why your budget request should be less; you do not need them anymore?

Mr. **Fontaine**. We do not have the money to fund those FTE's.

Mr. **Early**. There was no money there in 1986 to fund those jobs.

Mr. **Roybal**. Oh, I see.

Mr. EARLY. The absorption of pay raise, the 10 percent reduction did not carry across to the FTE that OMB gave us, and therefore, the dollars were not commensurate with the employment.

Mr. ROYBAL. So there was no money——

Mr. EARLY. There was no money and the people were not on board. We could not afford that staffing up.

Mr. FONTAINE. We could not fill those slots. They are just vacancies.

Mr. ROYBAL. So it is really a paper transaction you are talking about, nothing else.

Mr. FONTAINE. That is right.

FUNCTIONS OF COMPTROLLER'S OFFICE

Mr. ROYBAL. The comptroller's office is the largest account that is funded by this appropriation. Can you please summarize for the committee the major functions that are performed by this office and why this office is so important?

Mr. FONTAINE. It is the guts of the budget, accounting and payroll operations, Mr. Chairman. All of our payroll, accounting, and agency wide budgeting is done under the Office of the Comptroller. We pay 2.3 million invoices and payroll 37,000 people. We have all of the payables, receivables, and all the income and expenses of GSA.

Mr. ROYBAL. Would you say that the full control of GSA comes under the comptroller's office? [Laughter.]

Mr. FONTAINE. I will accept your choice of words.

Mr. ROYBAL. Mr. Wolf.

Mr. WOLF. No questions. Mr. Fontaine does a great job, and I yield back the balance of my time.

Mr. FONTAINE. Thanks very much, Mr. Wolf.

Mr. ROYBAL. Well, if I were you, Mr. Wolf, I would not tell Mr. Fontaine what a great job he does, because he will increase his budget next year again. [Laughter.]

Mr. FONTAINE. But I live in Arlington. [Laughter.]

Mr. ROYBAL. Mr. Coleman.

Mr. COLEMAN. I think I understand the budget request. There is an increase of $13.6 million above the Gramm-Rudman base line.

Mr. FONTAINE. Yes, sir.

Mr. COLEMAN. Okay. I do not have any other questions, Mr. Chairman.

Mr. ROYBAL. I would like to thank you, Mr. Fontaine, for your testimony this morning.

Mr. FONTAINE. Thank you. Mr. Chairman.

Mr. ROYBAL. And we always like to welcome you and do a little kidding on the side and that is because we consider you a friend of the committee, and I hope you will consider this committee a very friendly committee.

Mr. FONTAINE. I have for years. It seems strange not to see Mr. Gunnels here after so many years and I hope he is doing better.
doing better.

Mr. ROYBAL. My understanding is he is and we hope he will be back very soon.

We will insert the justifications in the record at this point.
[The justifications follow:]

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
1986 Level Authorized by the Continuing Resolution, Public Law 99-190	2,351	2,596	$124,310
Adjustments:			
Transfer of Transportation Audits to O.E., FSS	-183	-196	-6,813
Transfer of Audit Resolution Field Representatives to Office of Inspector General	-12	-12	-650
Transfers to O.E., IRMS and Public Buildings Service	-5	-5	-77
Proposed Authorized Level for FY 1986	2,151	2,383	$116,770
Estimated, 1987	1,980	2,197	125,374
Changes from 1986 to 1987	-171	-186	$8,604

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987

Activities	Obligations						Increase or Decrease (-) for FY 1987					
	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Executive Direction	38	$2,413	50	$3,324	50	$3,365	-	$41	-	-	-	$41
2. Comptroller	1,286	62,791	1,010	52,252	1,002	58,782	-8	6,530	-8	$5,593	-	937
3. Administration	885	39,324	687	33,860	687	34,203	-	343	-	160	-	183
4. Board of Contract Appeals	30	1,959	33	1,953	43	2,734	10	781	10	590	-	191
5. Legal Services	160	8,489	138	8,066	138	8,105	-	39	-	-	-	39
6. Acquisition Policy	74	5,205	75	7,161	78	7,947	3	786	3	684	-	102
7. Field Administration	242	11,750	199	10,154	199	10,238	-	84	-	-	-	84
8. Undistributed	-	-	191	-	-	-	-191	-	-191	-	-	-
TOTAL DIRECT	2,715	$131,931	2,383	$116,770	2,197	$125,374	-186	$8,604	-186	$7,027	-	$1,577
Permanent Positions	2,459		2,151		1,980		-171		-171		-	

SUMMARY OF BUDGET AUTHORITY
(In thousands of dollars)

	1985 Actual	1986 Estimate	1987 Estimate
Enacted Requested Budget Authority	$136,133	$116,770	$125,374
Reductions of Budget Authority pursuant to P.L. 99-177	-	-5,021	-
Total Budget Authority	$136,133	$111,749	$125,374

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

SUMMARY JUSTIFICATION OF FY 1987 BUDGET ESTIMATES

Direct obligational authority for FY 1987 is estimated at $125,374,000 a net increase of $8,604,000 over the level for FY 1986. The increased funding requirements consists of Program Changes of $6,300,000 for the recompetition of teleprocessing services contract; $725,000 for increased emphasis on the Indian Trust Accounting program; $160,000 for the enhancement of the Personnel Information Resources System (PIRS); $442,000 to support the ADP bid protest responsibility; $300,000 for the implementation of the Program Fraud Civil Penalities Act and $532,000 related to the transfer of the Regulatory Information Service Center from the Environmental Protection Agency. These increases are offset by a decrease of $1,142,000 for the consolidation of regional finance operations and a decrease of $290,000 for the implementation of A-76 initiatives. Other Changes consist of increases of $1,279,000 for non-personnel price increases; $170,000 applicable to the payment of RENT due to Federal Buildings Fund rate increases and $120,000 applicable to increases in contract maintenance.

BEST COPY AVAILABLE

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1987

(Dollars in Thousands)

	Executive Direction Activity 1		Comptroller Activity 2		Admin. Activity 3		Board of Contract Appeals Activity 4		Legal Services Activity 5		Acquisition Policy Activity 6		Field Admin. Activity 7		Undistributed FTE		Total	
	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount
PROGRAM CHANGES:																		
1. Recompetition of teleprocessing services contract	-	-	-	$6,300	-	-	-	-	-	-	-	-	-	-	-	-	-	$6,300
2. Enhancement of the Indian Trust Accounting program	-	-	30	725	-	-	-	-	-	-	-	-	-	-	-	-	30	725
3. Consolidation of reg'l finance operations	-	-	-28	-1,142	-	-	-	-	-	-	-	-	-	-	-	-	-28	-1,142
4. Implement A-76 initiatives	-	-	-10	-290	-	-	-	-	-	-	-	-	-	-	-	-	-10	-290
5. Enhance Personnel Information Resources System (PIRS)	-	-	-	-	-	$160	-	-	-	-	-	-	-	-	-	-	-	160
6. Enhancement of ADP Bid Protest program	-	-	-	-	-	-	7	$442	-	-	-	-	-	-	-	-	7	442
7. Implement Program Fraud Civil Penalties Act	-	-	-	-	-	-	3	148	-	-	3	$152	-	-	-	-	6	300
8. Transfer of the Regulatory Information Service Center	-	-	-	-	-	-	-	-	-	-	5	532	-	-	-	-	5	532
9. FTE reduction applicable to Procurement Automation program	-	-	-	-	-	-	-	-	-	-	-5	-	-	-	-	-	-5	-
10. Undistributed FTE	-	-	-	-	-	-	-	-	-	-	-5	-	-	-	-191	-	-191	-
TOTAL PROGRAM CHANGES:	-	-	-8	$5,593	-	$160	10	$590	-	-	3	$684	-	-	-191	-	-186	$7,027
OTHER CHANGES:																		
1. Price escalations in non-personnel costs	-	$27	-	1,082	-	61	-	14	-	$3	-	40	-	$52	-	-	-	1,279
2. Net changes for RENT increases	-	14	-	-145	-	122	-	57	-	36	-	62	-	32	-	-	-	178
3. Increased Contract maintenance	-	-	-	-	-	-	-	120	-	-	-	-	-	-	-	-	-	120
TOTAL OTHER CHANGES:	-	$41	-	$937	-	$183	-	$191	-	$39	-	$102	-	$84	-	-	-	1,577
TOTAL CHANGES:	-	$41	-8	$6,530	-	$343	10	$781	-	$39	3	$786	-	$84	-191	-	-186	$8,604

454

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

EXECUTIVE DIRECTION
(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 PROGRAM		FY 1987 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
EXECUTIVE DIRECTION	38	$2,413	50	$3,324	50	$3,365	-	$41	-	-	-	$41

BACKGROUND

This activity provides for the formulation of agency policy and the executive direction of all functions assigned to GSA by the Federal Property and Administrative Services Act of 1949, as amended. This activity also maintains close coordination with the Small Business Administration on national minority business proposals and contracts to assure that they receive a fair share of the agency's business.

JUSTIFICATION

This activity includes the immediate Office of the Administrator and Deputy Administrator, and the Offices of Ethics, Executive Secretariat, Public Affairs and Congressional Affairs.

A. Highlights

(1) The Office of the Administrator and Deputy Administrator - Directs all programs within GSA.

(2) The Office of Ethics and the Executive Secretariat - Develops, implements and interprets policies governing employee financial disclosure, conduct and post employment, conflicts of interest situations and provides overall direction of agency policies and procedures on standards of conduct and conflicts of interest. Assists the Administrator in the implementation of GSA policy and program management.

(3) The Office of Public Affairs - Acts as liaison between the media and GSA officials, including all public information activities.

(4) The Office of Congressional Affairs - Acts as liaison between agency officials and members of Congress and their immediate staffs.

B. Explanation of Changes, FY 1986 compared to FY 1987

Other Changes

An increase of $14,000 applicable to the payment of RENT due to the Federal Buildings Fund rate increases.

An increase of $27,000 for price escalation in non-personnel related costs.

EXECUTIVE DIRECTION
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.1 Personnel Compensation - $1,883,000. Supports 50 permanent workyears located in Central Office only.

12.1 Personnel Benefits - $248,000. Includes $129,000 for retirement contributions, $45,000 for health benefits, $12,000 for payment to Employees Compensation Fund, $52,000 for Medicare/FICA benefits and $10,000 for group insurance.

13.0 Benefits for Former Personnel - $5,000. Provides for benefits for former personnel.

21.0 Travel and Transportation of Persons - $93,000. Provides $86,000 of travel limitation for the Administrator and staff and $7,000 for motor pool.

23.1 Standard Level User Charges - $318,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $531,000. Provides for $288,000 for postage and fees; $14,000 for the payment to the General Supply Fund for depreciation of administrative equipment; $155,000 for local and intercity telephone and teletype service; and $74,000 for equipment rentals.

24.0 Printing and Reproduction - $84,000. Provides for the printing of GSA orders, regulations, directives and other printing and reproduction requirements.

25.0 Other Services - $151,000. Provides for security clearances, equipment repairs and payments for public information services (e.g., wire/clipping services and press releases).

26.0 Supplies and Materials - $41,000. Provides for the purchase of administrative supplies and materials.

31.0 Equipment - $11,000. Provides for the purchase of office automation equipment.

COMPTROLLER
(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 PROGRAM		FY 1987 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
COMPTROLLER	1,286	$62,791	1,010	$52,252	1,002	$58,782	-8	$6,530	-8	$5,593	-	$937

BACKGROUND

This activity consists of the management and administrative functions of budgeting, accounting and reporting, credit insurance, and related financial systems.

JUSTIFICATION

A. Highlights

(1) Immediate Office - The Comptroller and 8 regional counterparts provide overall program supervision for the GSA Office of Finance and Office of Budget and regional administrative support of the GSA Services and Staff Offices.

(2) Office of Budget - This Office carries out responsibilities in centralized budget administration to ensure maximum utilization of available resources. Specifically, the Office of Budget recommends overall budgetary policies and prescribes guidelines and procedures within which budget operations throughout GSA will be administered; provides liaison with other offices within GSA, other agencies, the Office of Management and Budget, and Appropriation and other Congressional Committees and their staffs on budgetary matters; performs final review of all budget estimates, both annual and supplemental, for conformance with policies and guidelines, technical accuracy, and impact; analyzes, reviews and processes annual financial plans, apportionment and reapportionment requests as well as reviews legislation and regulations for budgetary impact; monitors and controls fund allocations, obligations, and outlays to prevent violation of the Anti-Deficiency Act; controls Agency employment ceilings; conducts analyses and special studies of all program areas to evaluate performance and possible alternative methods of effective resource allocation and utilization; and constantly reviews program progress against approved plans and current policies, recommending appropriate changes in plans or operations when necessary.

(3) Office of Finance - This Office is responsible for the design, development, maintenance and operation of GSA's major accounting system - the National Electronic Accounting and Reporting (NEAR) System. Basic activities include billing, collecting, paying, reporting and payrolling for approximately 133 annual transfer, no-year appropriations, revolving funds and trust fund accounts. Additionally, the Office of Finance provides accounting expertise and reports on Indian Tribal Claims pending before the U. S. Court of Claims as assigned by the Department of Justice.

COMPTROLLER

The Office of Finance also reviews all financial contracts to minimize financial risk and otherwise protect the Government's interests; executes the financial provisions of contracts and other obligations held by the Government; and compiles and publishes a worldwide inventory of real property owned and leased by the Federal Government.

B. Explanation of Changes, FY 1986 compared to FY 1987

Program Changes

An increase of $6,300,000 is requested in order to recompete the contract currently awarded to Computer Science Corporation which provides teleprocessing services for the National Electronic Accounting and Reporting (NEAR) System, and Payroll Information Processing System (PIPS). This contract expires March 1987.

Some remaining NEAR system modules are located on the Honeywell 6600 series processors operated independently in Kansas City, MO and Fort Worth, TX. This procurement will allow all NEAR to operate as a single integrated system and allow for cost effective state-of-the-art processing as required by OMB Circular A-127.

It is anticipated that this recompetition will result in a savings of $3,960,000 in FY 1988 and an additional $2,000,000 in FY 1989 in the overall GSA cost of teleprocessing services for the financial accounting system. The $6.3 million is a one-time cost for the conversion and will be dropped from the FY 1988 budget requirements for this activity.

An increase of $725,000 and 30 FTE is requested to enhance the Indian Trust Accounting Division. The mission of this division is to provide accounting support to the Department of Justice for the adjudication, or settlement of Indian Tribal claims pending before the U. S. Claims Court. As a direct result of budget reductions, significant delays in processing claims have become commonplace. Consequently, the U. S. Claims Court has directed GSA (Office of Finance) to show just cause as to why the workload for these activities could not be processed in a more timely manner. Upon completion of a workload study, it was determined that a minimum of 95 FTE's would be required to process claims within a reasonable length of time, or an increase of 30 FTE over the 65 FTE currently available.

These increases are partially offset by decreases of 28 FTE and $1,142,000 associated with the consolidation of Regional Finance activities (i.e. the closing of regional offices located in New York, Atlanta, and the National Capital Region during FY 1986). These services will be performed by Kansas City, Fort Worth, and San Francisco Finance Centers, resulting in staffing and resource savings while enhancing operational efficiency.

A decrease of 10 FTE and $290,000 is applicable to the implementation of A-76 initiatives.

Other Changes

A decrease of $145,000 applicable to the payment of RENT. This is a net decrease associated with reductions in personnel as a result of the consolidation of regional finance operations offset by Federal Buildings Fund rate increases.

An increase of $1,082,000 for price escalations in nonpersonnel related costs.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

COMPTROLLER
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.1 Personnel Compensation and Staff - $27,363,000. Supports 972 permanent and 1002 total workyears.

12.1 Personnel Benefits - $2,981,000. Includes $1,743,000 for retirement contributions, $709,000 for health benefits; $55,000 for group life insurance, $174,000 for payment to the Employees Compensation Fund; and $300,000 for FICA Medicare contributions.

13.0 Benefits for Former Personnel - $10,000. Provides for benefits for former personnel.

21.0 Travel and Transportation of Persons - $571,000. Includes $561,000 in travel funds to provide management, direction, and control of the regional offices in the areas of Finance and Budget. Also includes $10,000 for motor pool travel.

22.0 Transportation of Things - $36,000. Provides for the transportation of household goods associated with the transfer of personnel and for shipping charges covering records, equipment, and other items.

23.1 Standard Level User Charges - $2,931,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $2,652,000. Provides $490,000 for postage and fees, $482,000 for payment to the General Supply Fund for the depreciation of administrative equipment, $1,123,000 for local and intercity telephone, teletype and data transmission, and $257,000 for equipment rentals. In addition, $300,000 is included to cover communication costs associated with the acquisition of a new accounting and payroll system.

24.0 Printing and Reproduction - $343,000. Provides for the printing of issuances, forms, and other printing requirements.

25.0 Other Services - $20,971,000. Provides $6,756,000 for payments to other GSA funds for data processing support; $8,175,000 for the use of commercial contractors for support services for payroll processing, ADP time sharing, and maintenance agreements; plus $6,000,000 to provide for the replacement of the current teleprocessing services contract for the accounting and payroll system; $20,000 for reimbursement to the Public Health Service for health room services; and $20,000 for reimbursement for guard service in Central Office.

26.0 Supplies and Materials - $396,000. Provides for administrative office supplies and materials.

31.0 Equipment - $508,000. Provides for the purchase of administrative and ADP equipment.

COMPTROLLER
SELECTED WORKLOAD DATA

Activity and principal workload factors	FY 1985 Actual	FY 1986 Program	FY 1987 Request	Percent of Increase Over FY 1986
Financial Management and Accounting				
a. INVOICE PAYMENTS				
Vouchers Processed	2,300,000	2,300,000	2,300,000	-
Employment (Workyears)	180	180	180	-
Average processed per work-year	12,777	12,777	12,777	-
b. BILLINGS AND RECEIVABLES				
Billings processed	560,000	560,000	560,000	-
Employment (Workyears)	50	50	50	-
Average processed per work-year	11,200	11,200	11,200	-
c. EMPLOYEES PAYROLLED				
Average number of employees	37,000	37,000	37,000	-
Employment (Workyears)	70	70	70	-
Average number of employees paid per work-year	528	528	528	-

460

ADMINISTRATION
(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 PROGRAM		FY 1987 REQUEST		TOTAL		PROGRAM CHANGES		OTHER CHANGES	
	WORK-YEARS	AMOUNT	WORK-YEARS	AMOUNT	WORK-YEARS	AMOUNT	WORK-YEARS	AMOUNT	WORK-YEARS	AMOUNT	WORK-YEARS	AMOUNT
Administration	885	$39,324	687	$33,860	687	$34,203	-	$343	-	$160	-	$183

BACKGROUND

The Office of Administration is responsible for the planning, implementation and coordination of all GSA activities related to personnel and organizational management, including labor relations, training, equal employment opportunity, organization improvement, cost reduction, productivity measurement and the procurement of management consulting services by contract.

This activity also develops policies and provides for the overall coordination and delivery of essential office support services, including mail, property, printing, space, telecommunications and the procurement of supplies and services. Administers the GSA Administrative Equipment Fund and the Working Capital Fund.

Administers the Congressional Furnishings program for the U.S. Senate and the House of Representatives. Services include procurement of furniture, furnishings and office equipment, maintenance of inventory accountability records, disposal of property including sales to departing Members, all of which requires frequent visits to Member's offices.

JUSTIFICATION

A. Highlights

(1) Associate Administrator for Administration - Provides overall supervision and direction, as well as analytical and resource management support for the Office of the Administrator and the Staff Offices.

(2) Personnel - Develops, implements and administers a nationwide personnel management system that is consistent with applicable laws and regulations. Specific functions include: staffing, recruiting, career development, employee relations, position classification, performance appraisal, merit pay and evaluation of personnel management. Responsibilities also consist of developing, implementing and maintaining an automated Performance Information Resources System (PIRS) that supports day-to-day personnel operations, provides workforce information to support agency programs in the areas of personnel, civil rights, training, and security; provides information required by OPM and EEOC; and information needed for position control, organization production and manpower utilization. In addition, plans, develops and administers the Affirmative Action Program and special emphasis programs, such as the Federal Women's Program and Hispanic Employment Program.

(3) Civil Rights, Organization and Training - Plans, develops and administers GSA's Equal Employment Opportunity (EEO) Program and Federal Assistance Program which ensures that EEO regulations are adhered to in regards to the distribution of property donated by GSA as required by Executive Order 12250. Develops, implements and administers a nationwide training system, along with monitoring and controlling modifications in organization and changes to delegations of authority within GSA. Also evaluates responsiveness of GSA organizations through productivity measurement and position management reviews.

(4) Program Initiatives - Responsible for government-wide initiatives assigned to the GSA Administrator, (e.g. Reform 88, A-76, the President's Council on Management Improvement (PCMI) and the Grace Commission), and provides staff support to all members of the GSA Advisory Board.

(5) Administrative Services - Provides for the overall management of GSA's administrative operations including telecommunications, mail, property, printing, space, procurement and other administrative support programs. Develops policies for and administers the management of all GSA forms and GSA issued Standard and Optional forms. Also provides personal property support of Congressional state and district offices.

(6) Audit Resolution - Serves as liaison with the General Accounting Office (GAO) and Office of Inspector General for monitoring and coordinating the implementation of internal and contract audit recommendations as required by law. Also develops, implements and ensures agency compliance with policies and procedures pertaining to personnel, industrial and document security.

B. Explanation of Changes, FY 1986 compared to FY 1987

Program Changes

An increase of $160,000 to provide for additional equipment to support the Personnel Information Resources System (PIRS). PIRS provides daily support to personnel operations; interfaces with the Agency payroll system; provides workforce information to support programs in the areas of personnel, civil rights, training and security; provides data for reports required by OPM and EEOC; and furnishes information needed for various manpower studies.

Other Changes

An increase of $122,000 applicable to the payment of RENT due to Federal Buildings Fund rate increases.

An increase of $61,000 for price escalations in non-personnel related costs.

ADMINISTRATION
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.1 Personnel Compensation - $22,277,000. Supports 657 permanent and 687 total workyears.

12.1 Personnel Benefits - $2,733,000. Includes $1,523,000 for retirement contributions; $570,000 for health benefits; $60,000 for group life insurance; $340,000 for Medicare/FICA benefits; $155,000 for payment to the Employees Compensation Fund and $85,000 for moving allowance related to personnel relocation.

13.0 Benefits for Former Personnel - $40,000. Provides for benefits for former personnel.

21.0 Travel and Transportation of Persons - $329,000. Includes $304,000 for travel in support of this program and $25,000 for motor pool services.

22.0 Transportation of Things - $45,000. Provides for shipping charges covering records, equipment and other items.

23.1 Standard Level User Charges - $3,088,000. Provides for payment to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $1,641,000. Provides $808,000 for local and intercity telephone and teletype services; $75,000 for rental of office automation equipment; $328,000 for postage and related fees; $341,000 for payment to the General Supply Fund for depreciation of administrative equipment; and $89,000 for electronic mail services.

24.0 Printing and Reproduction - $732,000. Provides for the printing of wage board schedules, classification guides, forms, inventory reports and procedural guides and manuals.

25.0 Other Services - $2,739,000. Includes $1,610,000 for payments to other GSA funds for the Personnel Information Resource System (PIRS) and other data processing and operational support; $1,102,000 for payments to commercial contracts and other government agencies for training, equipment rental and other contractual services; and $27,000 for reimbursement to the Public Health Service for health room services.

26.0 Supplies and Materials - $393,000. Provides for administrative office supplies and materials, and technical publications.

31.0 Equipment - $186,000. Provides $26,000 for the purchase of administrative and ADP equipment and $160,000 for equipment to enhance PIRS.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

ADMINISTRATION
SELECTED WORKLOAD DATA

Activity and principal workload factors	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	Percent of Increase Over FY 1986
1. Personnel				
a. SF 50 ACTIONS PROCESSED	27,158	26,600	25.200	- 5.3
b. ACCESSIONS	4,293	4,000	3,900	- 2.5
c. SEPARATIONS	4,247	4,600	5,000	+ 8.7
d. DISCIPLINARY/ADVERSE ACTIONS	1,100	1,000	950	- 5.0
e. GRIEVANCES/ARBITRATIONS	310	325	520	+ 60.0
f. UNFAIR LABOR PRACTICES	40	70	55	- 21.4
2. Civil Rights				
a. EEO COMPLAINTS FILES	78	90	90	-
b. FINAL AGENCY DECISIONS	22	25	25	-
3. Organization and Management				
a. DELEGATIONS OF AUTHORITY	12	25	30	+ 20.0
b. ORGANIZATION PROPOSALS	60	75	80	+ 6.7
c. COMMITTEE MANAGEMENT ACTIONS	26	30	30	-
d. CONSULTING SERVICES CONTRACT ACTIONS	4	10	15	+ 50.0
4. Training				
a. INSTANCES OF TRAINING	23,210	23,000	22,000	-4.3
5. Administrative Services				
a. NUMBER OF CONGRESSIONAL OFFICES SUPPORTED	1,377	1,377	1,377	-
b. MAIL HANDLED (POUNDS IN MILLIONS)	12.5	12.2	12.0	-1.6
c. DIRECTIVES CLEARED AND PREPARED (THOUSANDS OF PAGES)	49	54	54	-
d. SPACE MANAGED (MILLIONS OF SQUARE FEET)	18.2	17.5	17.0	-2.9
e. NUMBER OF FOIA REQUESTS PROCESSED	1977	1900	1900	-
6. Audit Resolution				
a. INTERNAL AUDITS (GAO/IG)				
Reports Received	275	290	319	+ 10.0
Reports Resolved	155	198	218	+ 10.1
Action Items Closed	1001	1,124	1,237	+ 10.1
Action Items Open	379	487	536	+ 10.1

ADMINISTRATION

SELECTED WORKLOAD DATA

Activity and principal workload factors	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	Percent of Increase Over FY 1986
b. INSPECTION REPORTS				
Reports Received....................................	25	27	30	+ 11.1
Reports Resolved....................................	17	21	23	+ 9.5
Action Items Closed.................................	231	228	251	+ 10.1
Action Items Open...................................	130	186	205	+ 10.2
c. EXTERNAL AUDITS (IG CONTRACT AUDITS)				
Reports Received....................................	400	451	496	+ 10.0
Reports Resolved....................................	476	495	545	+ 10.1
Action Items Closed.................................	511	524	576	+ 10.0
Action Items Open...................................	261	261	287	+ 10.0
7. Internal Security				
a. PHYSICAL SECURITY				
Surveys/Compliance Reviews..........................	16	17	18	+ 5.9
Managers' Security Reviews..........................	136	60	80	+ 33.3
Technical Assistance Actions........................	233	150	150	-
Limited Technical Countermeasures Evaluations.......	23	25	25	-
b. PERSONNEL SECURITY				
Surveys...	4	20	20	-
Personnel Security and Suitability Cases Closed.....	3446	3300	3300	-
Technical Assistance Actions........................	2000	2000	2000	-
Training Courses Developed or Revised...............	2	2	0	-
Number of Students Trained..........................	300	800	500	- 37.5
8. Management Review				
a. PROGRAM COMPONENTS EVALUATED........................	150	150	150	-
b. MANAGEMENT CONTROL REVIEWS..........................	44	26	26	-
c. MANAGEMENT CONTROL IMPROVEMENT PLANS................	14	12	8	- 33.3

465

BOARD OF CONTRACT APPEALS
(Dollars in Thousands)

Board of Contract Appeals	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Total Changes		Program Changes		Other Changes	
	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount	Work-Years	Amount
	30	$1,959	33	$1,953	43	$2,734	10	$781	10	$590	—	$191

Background

The Board of Contract Appeals was established within GSA as an independent statutory trial court pursuant to the provisions of the Contract Disputes Act of 1978 (P. L. 95-563). In accordance with this Act, the Board has the responsibility of hearing and deciding disputes relating to Government contracts awarded by GSA and other government agencies and commissions. In addition, the Board serves as an administrative trial court for resolution of ADP bid protests under the Competition in Contracting Act, Title VII of the Deficit Reduction Act (P.L. 98-369). The Board is also an administrative trial court pursuant to the requirements of the Administrative Procedures Act for suspension and debarment matters.

Justification

A. Highlights

This request reflects the funds required to support the Board's contract appeals workload, a separate program as yet unfunded-resolution of ADP bid protests under the Competition in Contracting Act, and assumption of new responsibilities under the proposed Program Fraud Civil Penalties Act.

On January 15, 1985, the Board assumed responsibility for resolution of ADP bid protests Government-wide, in accordance with the Competition in Contracting Act. The provisions of the Act require an initial hearing within 10 days of the filing of a bid protest to determine whether GSA's procurement authority or its delegation of authority should be suspended on an interim basis pending a decision on the merits of the protest. The Board is then required to conduct such proceedings-- including a second hearing on the merits—and allow such discovery as may be required to fairly and timely resolve the protest. Final decisions must be made within 45 working days after the filing of the protest. If the Board decides in favor of the protester, it is empowered to suspend, revoke, or revise the Administrator's procurement authority, or his delegation of authority, as applied to the challenged procurement. In addition, the Board may award bid preparation and proposal costs as well as the cost of filing and pursuing the protest and attorney's fees to parties whose protests are sustained.

The proposed Program Fraud Civil Penalties Act provides administrative and civil penalties for false claims and statements made to the United States by recipients of property, services, or money from the United States by parties to contracts with the United States or by Federal employees. Under this legislation, a typical case would begin with an investigation conducted by the agency's investigating official, usually the Inspector General. Findings would be transmitted to the agency's reviewing official who would determine whether there is probable cause to conclude that a false, fictitious or fraudulent claim has been submitted. If so, the matter would be referred to the Justice Department for consideration. Allegations of liability would be referred to an agency hearing examiner if the Justice Department either approves the referral or takes no action to disapprove it.

There are four roles involved in proceedings under the Act (investigating officials, reviewing officials, the Office of General Counsel and hearing examiners). The Board will function in the latter capacity. The Board would conduct a hearing to determine whether or not the person is liable and the amount of penalty or assessment, if any, to be imposed. Provision is made for full discovery, subject to hearing examiner control and discretion.

B. Explanation of changes, FY 1986 compared to FY 1987.

Program Changes:

An increase of $442,000 and 7 FTE to support the ADP bid protest responsibility.

An increase of $148,000 and 3 FTE for Program Fraud Civil Penalties.

Other Changes:

An increase of $57,000 applicable to the payment of Rent due to Federal Buildings Fund rate increase.

An increase of $14,000 for price escalation in non-personnel related costs.

An increase of $120,000 for court reporting services, contract maintenance and operation of the WESTLAW legal research system.

BOARD OF CONTRACT APPEALS
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11. **Personnel Compensation--$1,846,000** - Supports 43 permanent workyears.

12. **Personnel Benefits--$199,000** - $129,000 for direct contribution to the Retirement Fund, $36,000 for health benefits, $21,000 for FICA , $5,000 for group life insurance, and $8,000 for workmen's compensation.

21. **Travel and Transportation of Persons--$40,000** - For necessary travel associated with case adjudication.

23.1 **Standard Level User Charges--$232,000** - For payments to the Federal Buildings Fund for Rent.

23.3 **Communications, Utilities and Miscellaneous Charges--$105,000** - $26,000 payments to the Federal Buildings Fund for non-recurring services, $31,000 for FTS, $8,000 for postage and related fees, $17,000 for local telephone service, $8,000 for long distance service, $12,000 for copier rental, and $3,000 for data transmission, teletype and other communication services.

24. **Printing and Reproduction--$10,000** - Provides for printing of forms, materials and reports necessary to carry out the functions of the Board.

25. **Other Services--$277,000** - Provides $211,000 for commercial court reporting services, $40,000 for ADP equipment maintenance contracts, $6,000 for WESTLAW usage, $15,000 for training, $5,000 for payments to other Government agencies, and other miscellaneous services.

26. **Supplies and Materials--$23,000** - Provides for miscellaneous office supplies and materials.

31. **Equipment--$2,000** - Provides for purchase of administrative equipment.

BOARD OF CONTRACT APPEALS
Salaries and Expenses (Direct Only)

SELECTED WORKLOAD DATA

		1986 Program Increase		
	FY 1985 Actual	FY 1986 Budget	FY 1987 Budget	Percent of Change From 1986
Appeals				
Cases Received	502	560	600	7.0
Cases Closed	544	500	570	14.0
Cases Pending/Backlog	441	501	531	6.0
Bid Protests				
Cases Received	89	200	200	-
Cases Closed	59	150	260	73.3
Cases Pending/Backlog	30	80	20	-75.0
Program Fraud				
Cases Received	-	-	60	-
Cases Closed	-	-	50	-
Cases Pending/Backlog	-	-	16	-

468

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

LEGAL SERVICES

(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 PROGRAM		FY 1987 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
LEGAL SERVICES	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
	160	$8,489	130	$8,066	130	$8,105	--	$39	--	--	--	$39

BACKGROUND

The General Counsel Central Office staff, in conjunction with the 11 Regional Counsels, provides complete legal services to each GSA Service and Staff Office, including the preparation of legislation proposed by GSA; and provides legal advice and counsel on day-to-day contract policy related issues on other legislative proposals.

JUSTIFICATION

A. Highlights

The General Counsel, assisted by the Deputy General Counsels, directs, coordinates and supervises the work of the entire legal staff nationwide. In addition to providing legal services to each GSA Service and Staff Office, the Office of General Counsel (1) prepares much of the legislation proposed by GSA; (2) furnishes legal advice and reviews reports on other legislative proposals; and (3) participates in the development of agency policy and assists in the accomplishment and coordination of program objectives to ensure conformance with established agency policy. The following are the major functional activities within the Office of General Counsel.

(1) Public Buildings - Contract, tort, commercial and criminal law.

(2) Disposal - Real property disposal; and the disposal, acquisition, and management of the National Defense Stockpile.

(3) General Law - Personnel compensation, civil rights, finance, the Privacy Act and Freedom of Information Act programs.

(4) Information Resources and Utilities - ADP and public utility issues.

(5) Procurement Law - Procurement policy, contracting, contract administration, and GAO protest actions; and claims, disputes, and litigation support.

(6) Claims and Litigation - Represents GSA in claims by and against contractors before the GSA Board of Contract Appeals, assists the Department of Justice in representing GSA in Federal Courts, tries adverse action cases before both the Merit System Protection and Employment Security Boards, and tries employment discrimination cases before the Equal Employment Opportunities Division and the Merit System Protection Board.

B. Explanation of Changes, FY 1986 compared to FY 1987

Other Changes

An increase of $36,000 applicable to the payment of RENT due to the Federal Buildings Fund rate increases.

An increase of $3,000 for price escalations in non-personnel related costs.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

LEGAL SERVICES
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.1 Personnel Compensation and Staff - $6,823,000. Supports 132 permanent and 130 total workyears.

12.1 Personnel Benefits - $638,000. Includes $392,000 for retirement contributions, $125,000 for health benefits, $22,000 for payment to the Employees Compensation Fund, $85,000 for Medicare/FICA benefits and $14,000 for group insurance.

21.0 Travel and Transportation of Persons - $130,000. Provides $130,000 for travel in support of this program.

22.0 Transportation of Things - $2,000. Provides for shipping charges covering records, equipment, and other items.

23.1 Standard Level User Charges - $569,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $263,000. Provides $26,000 for postage and fees, $39,000 for payment to the General Supply Fund for the depreciation of administrative equipment, and $198,000 for local and intercity telephone, teletype and data transmission.

24.0 Printing and Reproduction - $69,000. Provides for the reproduction of issuances, forms, and other printing requirements.

25.0 Other Services - $148,000. Provides for payment to commercial contractors, and payments to other Government agencies for training, health services, and security clearances.

26.0 Supplies and Materials - $202,000. Provides for administrative office supplies and materials.

31.0 Equipment - $53,000. Provides for the purchase of microcomputers, other ADP equipment and office equipment.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

LEGAL SERVICES
SELECTED WORKLOAD DATA

Legal Activity and principal workload factors	FY 1985 Actual	FY 1986 Program	FY 1987 Request	Percent of Increase Over FY 1986
A. Litigation				
District Court	339	356	374	5.1
Claims Court	79	83	87	4.8
Bankruptcy Court	86	93	98	5.3
State Trial Court	3	4	5	25.0
State Court of Appeals	3	4	5	25.0
Federal Court of Appeals	19	20	21	5.0
GSA Board of Contract Appeals	390	409	429	4.9
GAO (Protests)	43	47	50	6.3
Merit System Protection Board	17	19	21	10.5
Federal Labor Relations Administration	7	8	9	12.5
Equal Opportunity Employment Commission	17	19	21	10.5
Arbitration (Cases)	1	3	4	33.3
Utility Commission (Cases)	23	25	30	20.0
Other Including Administrative	6	9	10	11.1
B. Administrative Torts	1,107	1,217	1,339	10.0
C. Legal Services -- Reviews and Administrative Actions				
Contract and Related Actions	6,504	8,053	9,258	15.0
Advice to Clients	10,536	11,482	12,289	7.0
Legislation and Opinions	3,376	3,724	4,105	10.2
Regulations	3,429	3,777	4,158	10.1
Freedom of Information Act Requests	943	1,026	1,122	9.4
Correspondence Reviews	1,843	2,035	2,228	9.5
Audits	15	17	20	17.7

471

ACQUISITION POLICY
(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 PROGRAM		FY 1987 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
ACQUISITION POLICY	74	$5,205	75	$7,161	78	$7,947	3	$786	3	$684	-	$102

BACKGROUND

The Office of Acquisition Policy is responsible for the performance of GSA's Government-wide mission responsibilities in the area of acquisition/procurement policy, regulations, methods of procurement, and management of the Federal procurement system. The head of this activity serves as the Agency's senior procurement executive responsible for GSA's internal procurement policies, regulations and general acquisition management. As the agency's competition advocate, this activity promotes full and open competition, challenges barriers to competition and reviews GSA's contracting operations.

JUSTIFICATION

A. Highlights

(1) Acquisition Policy and Regulations - This office along with DoD and NASA developed the Federal Acquisition Regulation (FAR) which is the primary regulation for use by all Federal agencies in their acquisition of supplies and services. The FAR Secretariat provides centralized support and coordination functions to the Civilian Acquisition Council and the Defense Acquisition Regulatory Council.

(2) Career Development and Management - Develops and conducts acquisition/contracting career management programs and establishes and maintains a Contracting Officer Warrant program to insure the development of qualified contracting personnel. Government-wide emphasis by the Federal Acquisition Institute is on improving the procurement process and capabilities of procurement personnel.

(3) Procurement Review and Compliance - Conducts intra- and inter-agency pre-award and post-award review of purchases and leases to ascertain that awards are in compliance with applicable laws, regulations and policies. The office debars and suspends contractors who demonstrate a lack of integrity and trustworthiness.

(4) Procurement Automated Systems - The office is in the final stages of developing the Procurement Management Information System (PMIS) which automates all GSA acquisition data under a central data base management system using the latest computer technology.

(5) Regulatory Information Service Center - Compiles and analyzes data on both government-wide and agency-specific regulatory activities.

B. Explanation of changes, FY 1986 compared to FY 1987

Program Changes

An increase of 3 FTE and $152,000 for the Program Fraud Civil Penalties Act. This Act, as proposed, would provide for resolution of false, fictitious or fraudulent claims or statements in Government programs. The administrative framework to be established under this Act will require the designation of an investigating official, reviewing official and hearing examiners. This activity will provide for the reviewing official who will be responsible for analyzing referrals and determining if there is probable cause to pursue that case; initiating administrative procedures; negotiating settlement; conducting litigations; and imposing monetary sanctions.

472

An increase of 5 FTE and $532,000 related to the transfer of the Regulatory Information Service Center from the Environmental Protection Agency.

A decrease of 5 FTE assigned to the Procurement Automation Program.

Other Changes

An increase of $62,000 applicable to the payment of RENT due to the Federal Buildings Fund rate increases.

An increase of $40,000 for price escalations in non-personnel related costs.

ACQUISITION POLICY
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.1 Personnel Compensation - $4,226,000 Supports 78 permanent workyears located in Central Office only.

12.1 Personnel Benefits $442,000. Includes $296,000 for retirement contributions, $76,000 for health benefits, $16,000 for payment to Employees Compensation Fund, $43,000 for Medicare/FICA benefits and $11,000 for group insurance.

21.0 Travel and Transportation of Persons - $87,000. Provides travel limitation in support of this activity.

22.0 Transportation of Things - $2,000. Provides for shipping charges covering records, equipment and other items.

23.1 Standard Level User Charges - $261,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $125,000. Provides for $13,000 for the payment to General Supply Fund for depreciation of administrative equipment; $62,000 for local and intercity telephone and teletype service; $8,000 for postage and related fees; and $42,000 for equipment rentals.

24.0 Printing and Reproduction - $141,000. Provides for printing of the Federal Acquisition Regulations (FAR) in the Federal Register, Code of Federal Regulations and other printing and reproduction requirements.

25.0 Other Services - $2,581,000. Provides $2,000,000 for payments to commercial contractors and Government agencies for automated acquisition systems; $38,000 for training; $4,000 for health services; and $539,000 for payments to other GSA funds for data processing support.

26.0 Supplies and Materials - $26,000. Provides for the purchase of administrative office supplies and materials.

31.0 Equipment - $6,000. Provides for the purchase of office automation equipment.

FIELD ADMINISTRATION

(Dollars in Thousands)

	FY 1985 ACTUAL		FY 1986 PROGRAM		FY 1987 REQUEST		TOTAL CHANGES		PROGRAM CHANGES		OTHER CHANGES	
	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT	WORK YEARS	AMOUNT
FIELD ADMINISTRATION	242	$11,750	199	$10,154	199	$10,238	--	$84	--	--	--	$84

BACKGROUND

A Central Office staff and 11 Regional Administrators oversee the regional Contract Clearance and Procurement Review activities, and the Customer Affairs Program functions, as well as regional responses to Freedom of Information Act Requests. This activity also provides for counseling to small and disadvantaged businesses through Business Service Centers, and for regional Equal Employment Opportunity programs.

JUSTIFICATION

A. Highlights

(1) Contract Clearance and Procurement Management Review - Responsible for the coordination and the implementation of procurement policies established by the Central Office. Reviews regional contract procurement actions and regional contracting operations, including leasing, sales, and contract administration, for compliance with applicable laws, regulations, policies, and procedures.

(2) Business Service Centers - Provides information, assistance, and counseling to companies who are current or prospective commercial suppliers to GSA including small, minority, women-owned, and handicapped businesses as well as those firms located in disaster or labor surplus areas.

(3) Civil Rights - Administers the regional discrimination counseling and complaints program; oversees selection, training, assignment, and performance of EEO counselors; receives, accepts or rejects complaints; obtains investigative reports and attempts to resolve complaints between complainants and management officials.

(4) Customer Affairs - Establishes and maintains a communications link between GSA and Federal Executive Branch Departments and Agencies and assesses the quality of service provided to them by GSA.

B. Explanation of Changes, FY 1986 compared to FY 1987

Other Changes

An increase of $32,000 for the payment of RENT due to the Federal Buildings Fund rate increases.

An increase of $52,000 for price escalations in non-personnel related costs.

FIELD ADMINISTRATION
EXPLANATION OF DISTRIBUTION BY OBJECT CLASS

11.1 Personnel Compensation and Staff - $7,201,000. Supports 189 permanent and 199 Total Workyears.

12.1 Personnel Benefits - $836,000. Includes $472,000 for retirement contributions, $179,000 for health benefits, $46,000 for payment to the Employees Compensation Fund, $120,000 for Medicare/FICA benefits and $19,000 for group insurance.

13.0 Benefits for Former Personnel - $5,000. Provides for benefits for former personnel.

21.0 Travel and Transportation of Persons - $262,000. Provides $252,000 for travel in support of this program and $10,000 for motor pool services.

22.0 Transportation of Things - $13,000. Provides for shipping charges covering records, equipment, and other items.

23.1 Standard Level User Charges - $806,000. Provides for payments to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities, and Miscellaneous Charges - $705,000. Provides $148,000 for postage and fees, $38,000 for payment to the GSF for the depreciation of administrative equipment, $519,000 for local and intercity telephone, teletype and data transmission.

24.0 Printing and Reproduction - $163,000. Provides for the reproduction of issuances, forms, and other printing requirements.

25.0 Other Services - $177,000. Provides for payment to commercial contractors, and payments to other government agencies for training, health services, and security clearances.

26.0 Supplies and Materials - $44,000. Provides for administrative office supplies and materials.

31.0 Equipment - $26,000. Provides for the purchase of microcomputers, other ADP equipment and office equipment.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

SELECTED WORKLOAD DATA

Activity and principal workload factors	FY 1985 Actual	FY 1986 Estimate	FY 1987 Estimate	Percent of Increase Over FY 1986
1. Contract Clearance				
a. Preaward Contract Reviews	1,405	1,422	1,422	-
2. Business Service Centers				
a. Counseling Actions	117,637	143,000	145,700	1.9
b. Bids Received and Safeguarded	73,586	87,000	90,000	3.4
c. Bid Opening	3,767	4,500	4,000	-11.1
d. Invitations for Bids Issued	41,985	43,400	45,000	3.7
e. Specifications Issued	28,200	40,000	41,000	2.5
f. Bidders Mailing List Applications Issued	64,095	61,000	64,000	4.9
g. New Item Applications Processed	1,475	1,600	1,600	-
h. Freedom of Information Requests Handled	1,665	1,700	1,800	5.9
i. Responses to Congressional Inquiries	1,980	2,000	2,000	-
j. Subcontracting Plans Reviewed	420	500	700	40.0
k. Market Surveys Completed	44	50	50	-
l. Set Aside Evaluations Performed (GSA 2689)	1,440	2,200	2,300	4.5
m. Procurement Conferences (Participation)	239	240	220	-8.3

477

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Direct)

SUMMARY OF EMPLOYMENT
(Number of Work-Years)

Principal Categories	FY 1985 Actual	FY 1986 Program	FY 1987 Request	Change from 1986 to 1987		
				Total	Program	Other
Management and Administrative Direction	451	373	375	2	2	0
Professional	940	777	782	5	5	0
Technical	645	533	536	3	3	0
Clerical	515	426	428	2	2	0
Undistributed	0	191	0	-191	-191	0
Sub-total	2,551	2,300	2,121	-179	-179	0
Part-Time and Temporary	164	83	76	-7	-7	0
Total	2,715	2,383	2,197	-186	-186	0

GENERAL SERVICES ADMINISTRATION

GENERAL MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses of agency management of activities under the control of the General Services Administration, and general administrative and staff support services not otherwise provided for; for providing accounting, records management, and other support incident to adjudication of Indian Tribal Claims by the United States Court of Claims, and services authorized by 5 U.S.C. 3109; [$124,310,000] $125,374,000: Provided, That this appropriation shall be available, subject to reimbursement by the applicable agency, for services performed for other agencies pursuant to subsections (a) and (b) of section 1535 of title 31, United States Code: Provided further, That not to exceed $2,500 shall be available for reception and representation expenses.

Note: A regular 1986 appropriation for this account had not been enacted at the time this budget was prepared. A continuing resolution (P.L. 99-190) provides funds to the extent and in the manner provided for in the conference version of H.R. 3036, Treasury, Postal Service, and General Government Appropriations Act, 1986, as amended by Public Law 99-190.

EXPLANATION OF CHANGE IN APPROPRIATION LANGUAGE

The last proviso is indicated as new under authorizing legislation being proposed for this session of Congress.

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Reimbursable)

ANALYSIS OF AUTHORIZED LEVEL FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Permanent Positions	Work-Years	Amount
1986 Level of Reimbursable Service	167	167	$14,718
1987 Level of Reimbursable Service	122	122	16,169
Changes from 1986 to 1987	-45	-45	$1,451

DIGEST OF BUDGET ESTIMATES BY ACTIVITIES FOR FISCAL YEAR 1987

Activities	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Increase or Decrease (-) for FY 1987					
							Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
1. Comptroller	47	$ 1,784	55	$2,852	55	$2,869	-	$17	-	-	-	$17
2. Administration	72	9,849	107	11,344	67	13,260	-40	1,916	-40	$1,600	-	316
3. Board of Contract Appeals	-	18	-	20	-	20	-	-	-	-	-	-
4. Legal Services	-	-	-	20	-	20	-	-	-	-	-	-
5. Acquisition Policy	-	18	5	482	-	-	-5	-482	-5	-482	-	-
TOTAL REIMBURSABLE	119	$11,669	167	$14,718	122	$16,169	-45	$1,451	-45	$1,118	-	$333
Permanent Positions	119		167		122		-45		-45		-	

SUMMARY JUSTIFICATION OF FY 1987 BUDGET ESTIMATES

The reimbursable program for 1987 is estimated at $16,169,000 an increase of $1,451,000 from the FY 1986 comparable level. A detailed justification follows.

480

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Reimbursable)

SUMMARY EXPLANATION OF CHANGES FOR FISCAL YEAR 1987
(Dollars in Thousands)

	Comptroller Activity 1		Administration Activity 2		Board of Contract Appeals Activity 3		Legal Service Activity 4		Acquisition Policy Activity 5		Total	
	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount	WY	Amount
PROGRAM CHANGES:												
1) Enhancement of the Congressional Support Program	-	-	-	$1,600	-	-	-	-	-	-	-	$1,600
2) Activity funded in FY 1986 as reimbursable, transferred to direct in FY 1987	-	-	-	-	-	-	-	-	-5	$-482	-5	-482
3) FTE reduction applicable to implementation of A-76 initiatives	-	-	-10	-	-	-	-	-	-	-	-10	-
4) General reduction in FTE requirements	-	-	-30	-	-	-	-	-	-	-	-30	-
TOTAL PROGRAM CHANGES	-	-	-40	$1,600	-	-	-	-	-5	$-482	-45	$1,118
OTHER CHANGES:												
1) Price escalations for non-personnel related costs	-	$17	-	306	-	-	-	-	-	-	-	323
2) RENT increase applicable to PBS rate increases	-	-	-	10	-	-	-	-	-	-	-	10
TOTAL OTHER CHANGES	-	$17	-	$316	-	-	-	-	-	-	-	$333
TOTAL CHANGES	-	$17	-40	$1,916	-	-	-	-	-5	$-482	-45	$1,451

GENERAL MANAGEMENT AND ADMINISTRATION
Salaries and Expenses (Reimbursable)

(Dollars in Thousands)

	FY 1985 Actual		FY 1986 Program		FY 1987 Request		Total Changes		Program Changes		Other Changes	
	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount	Work Years	Amount
Reimbursable	119	$11,669	167	$14,718	122	$16,169	-45	$1,451	-45	$1,118	-	$333

BACKGROUND

Section 601 of the Economy Act of 1932, as amended, provides basic authority for reimbursable services to be performed by government agencies. In accordance with this authority, the General Services Administration provides reimbursable staff support service as described below.

JUSTIFICATION

A. Highlights

1) Comptroller - Includes accounting and financial support on a contract basis to more than 40 independent commissions, committees, study groups and special offices created by the President and Congress and the National Archives and Records Administration (NARA). Reimbursable agreements are negotiated annually between each commission/agency and the GSA.

2) Administration:

a) Personnel - Provides, on a nationwide basis, a reimbursably funded interagency training program, and provides personnel support services to independent commissions, committees and special offices created by the President and Congress.

b) Graphics - Provides comprehensive graphics services to all organizations within GSA and to Presidential commissions and committees including the development and establishment of standards and criteria governing the provisions of graphics services.

c) Administrative Services - Provides for reimbursement of the cost of furniture, furnishings and office equipment purchased by GSA for the district offices of members of the U.S. Senate and the U.S. House of Representatives.

3) Board of Contract Appeals - Provides support in the adjudication of disputes related to Government contracts entered into by the Departments of Treasury, Commerce, Education, and other government agencies and commissions.

4) Legal Services - Provides legal services to the National Archives and Records Administration (NARA) field offices, small agencies, and Presidential boards, committees and commissions.

Source of Income ($ in thousands)

	FY 1986	FY 1987
Small Agencies/Commissions	$ 3,618	$ 3,638
Training	5,998	6,170
Congressional Support	4,111	5,846
Graphics	274	280
Resolution of Contract Disputes	20	20
Other Misc.Interagency Agreements	195	195
Legal Services	20	20
Activity Transfer	482	0
Total	$14,718	$16,169

B. Explanation of Changes, FY 1987 compared to FY 1986

Program Changes

An increase of $1,600,000 to provide for the purchase of office furniture and administrative equipment for the Congressional support program.

A decrease of 5 FTE and $482,000 applicable to the Regulatory Information Service Center funded in FY 1986 as reimbursable, and included in the Acquisition Policy direct program in FY 1987.

A decrease of 10 FTE applicable to implementation of A-76 initiatives.

A decrease of 30 FTE applicable to a general reduction in FTE requirements.

Other Changes

An increase of $323,000 for price escalations in the cost of furniture, furnishings, office equipment, contractual services, printing and miscellaneous supplies.

An increase of $10,000 applicable to the payment of RENT due to Federal Buildings Fund rate increases.

BLANK PAGE

BLANK PAGE

BLANK PAGE

EXPLANATION OF DISTRIBUTION BY OBJECTS

11.0 Personnel Compensation and Staffing - $5,639,000. Supports 110 permanent and 122 total workyears.

12.0 Personnel Benefits - $651,000. Includes $392,000 for retirement contributions; $174,000 for health benefits; $6,000 for payment to the Employees Compensation Fund; $69,000 for Medicare/FICA benefits and $10,000 for group life insurance.

21.0 Travel and Transportation of Persons - $104,000. Provides $98,000 for travel in support of the Congressional Support Program and the GSA nationwide training program and $6,000 for motor pool services.

22.0 Transportation of Things - $297,000. Provides for shipping charges covering furniture, furnishings, equipment, training material, and other items.

23.1 Standard Level User Charges - $279,000. Provides for payment to the Federal Buildings Fund for RENT.

23.3 Communications, Utilities and Miscellaneous Charges - $1,571,000. Provides $1,450,000 for payment to the General Supply Fund for depreciation of administrative equipment, primarily associated with the Congressional Support program and $121,000 for local and intercity telephone services.

24.0 Printing and Reproduction - $610,000. Provides for the printing of GSA orders, regulations, directives, training material and other printing and reproduction requirements.

25.0 Other Services - $4,522,000. Provides for payments to commercial contractors primarily associated with contract training, to other government agencies for health services, Congressional furnishings and miscellaneous services.

26.0 Supplies and Materials - $600,000. Provides for administrative office supplies and materials.

31.0 Equipment - $1,800,000. Provides for the purchase of administrative and ADP equipment, primarily for the Congressional support program.

AUTHORIZING LANGUAGE

Section 601 of the Economy Act of 1932, as amended, provides basic authorization for reimbursable services to be performed by Government Agencies.

THURSDAY, MARCH 13, 1986.

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS

WITNESSES

RAYMOND A. FONTAINE, COMPTROLLER

WILLIAM B. EARLY, JR., DIRECTOR OF BUDGET

Mr. ROYBAL. The next is Allowances and Office Staff for Former Presidents.

Does that come under your jurisdiction, Mr. Fontaine?

Mr. FONTAINE. Yes, sir.

Mr. ROYBAL. Will you please proceed then.

Mr. FONTAINE. All right, Mr. Chairman, I would like to submit a short, formal opening statement for the record and then, just go on into the questions.

[The full text of Mr. Fontaine's statement follows:]

STATEMENT BY MR. RAYMOND A. FONTAINE
COMPTROLLER, GENERAL SERVICES ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT
OF THE HOUSE COMMITTEE ON APPROPRIATIONS

Mr. Chairman and Members of the Subcommittee:

I would like to briefly summarize the General Services Administration's 1987 budget request for the appropriation, Allowances and Office Staff for Former Presidents.

The appropriation for Allowances and Office Staff for Former Presidents provides for pensions and other allowances to which former Presidents and their widows are entitled under law. You have before you a revised FY 1987 budget for the Former Presidents account. This revision reflects a reduction in the initial FY 1987 request from $1,234,000 to $1,176,000. This reduction results from actions initiated by the former Presidents to control costs and minimize their requirements for FY 1987. The 1987 request will allow for continued funding of pensions, office staffs, and related expenses for former Presidents Nixon, Ford, and Carter, as well as for the pension and franking privileges of Mrs. Johnson.

This completes my summary statement, Mr. Chairman. We would be pleased to respond in greater detail to those areas of specific interest to the Subcommittee.

PENSIONS

Mr. **Roybal**. The pension of a former President is the same as that of executive level one, is it not?

Mr. **Fontaine**. The salary of a Cabinet member, Executive Level I, is currently 86,200.

Mr. **Roybal**. $86,200?

Mr. **Fontaine**. Yes.

The pension automatically goes up if there is ever a pay raise for the Executive Schedule.

Mr. **Roybal**. That is for Cabinet members?

Mr. **Fontaine**. The equivalent salary for Executive Level I.

Mr. **Roybal**. Last year, the House voted to reduce all funding for the office staff of former Presidents, so this year, we will have to provide some very good justification for this appropriation.

Now, I see that the appropriation has an increase of $169,000, which is not a tremendous increase, but, nevertheless, it is an increase.

OFFICIAL DUTIES

Now, is all of the appropriation requested here to assist former Presidents related to their duties as former Presidents? Is part of the increase an inflation factor?

Mr. **Fontaine**. All the funds are related to their official duties as a former President. There are some inflation increases; they pay SLUC the same as other accounts; and when the rent increases we pass that on. A certain amount of the increase is related to telephones, postage and things of that kind.

OFFICIAL FUNCTIONS

Mr. **Roybal**. Mr. Fontaine, what I would like to see, and members of the Committee have been wanting to see for a long time, is a list of the official functions that a former President should be performing, and then compare that with official functions that are, in fact, performed.

Would it be possible to compile such a list?

Mr. **Fontaine**. Mr. Chairman, we can try. I am sure there are some functions which will fall in the gray area.

As an example, when all three former Presidents travelled to Mr. Sadat's funeral a couple of years ago, that was a legitimate function for a former President; representing the present President.

If a former President is taking a trip to New York for a fundraiser, I would say that this is not a legitimate function and we will not pay the travel. We have the final say on what is paid. I cannot tell you that every situation is a black and white clean call. You have to use some judgment; the law is a little loose.

Their postage, we have to assume is a legitimate use of funs, if they are using the mail as a former President, responding to inquiries from people around the country and things like that. Although some of it may be inquiries for autographs or something similar; that is still, in my opinion, a function of a former President. We will try to compile a list for you.

Mr. **Roybal.** We would appreciate that, if you would submit something for the record.

[The information follows:]

Functions of Former Presidents

Congress enacted the Former Presidents Act of 1958 which had the effect of creating a semi-public office of the ex-Presidency. Despite this span of time the roles of ex-Presidents have not changed substantially in recent years.

First, there are activities devolving upon him because he is a past President. As a former head of state, his services continue to be solicited. People continue to look to many former Presidents, placing obligations of time and expense upon them. The former heads of state are called upon to answer a large volume of letters involving a variety of matters, and to respond to requests for speeches from various groups and civic organizations.

The past Presidents sometimes provide information and advice to their successors in the White House, the Congress, and the general public through the media.

A significant ceremonial role of former Presidents has been attendance at state funerals.

Second, former Presidents also engage in activities which to a greater extent are voluntary on their part, involving educational and philanthropic enterprises.

Ex-Presidents also generally spend time planning and raising money for their Presidential archival depositories and museums.

Former Presidents most always write their memoirs. Despite their commercial aspects, these memoirs contribute to an understanding of a presidential administration.

Third, most ex-Presidents have remained active in their political party. They can be major fund raisers who draw important contributors to events designed to generate income for the party.

FORMER PRESIDENT AUDIT

Mr. **Roybal.** When is an audit made of a former President?

Mr. **Fontaine.** I am the final approving authority for every payment, so if I think a request does not meet the intent of the law, I will not approve it.

Mr. **Roybal.** For example, does the former President pay for his transportation up front, and then get reimbursed?

Mr. **Fontaine.** Just like any other traveler unless the President provides military transportation.

Mr. **Roybal.** In other words, any official duty that he may perform, he finances up front, and then gets reimbursed by your office?

Mr. **Fontaine.** That is right.

Mr. **Roybal.** Therefore, it is, I think, pretty tight control to begin with.

Mr. **Fontaine.** I would say so, yes.

Mr. **Roybal.** Yes.

Mr. **Fontaine.** There is a great deal of scrutiny for this small amount of money—and I am aware of the problems you have defending it up here, from the press inquiries.

Mr. **Early.** The General Accounting Office did an audit of it last fall. They traditionally audit the account, and they find relatively few problems.

Mr. **Roybal.** Mr. Wolf?

Mr. **Wolf.** You seem to be saying, too, that the former Presidents all are very careful?

Mr. **Fontaine.** Yes, they are.

Mr. **Wolf.** Do you have many cases where you have to deny their requests?

Mr. **Fontaine**. Generally not.

If there's a problem, it is normally when they first leave office, nd they do not quite understand the law or the ground rules. That s the most difficult time for them.

The longer they are out, the easier it becomes.

Mr. **Wolf**. But after a year, you say, it gets better, because they ave the experience?

Mr. **Fontaine**. That is correct.

Mr. **Wolf**. Are you the final judge?

Mr. **Fontaine**. Yes, sir.

Mr. **Wolf**. And if you say no, is there an appeals process?

Mr. **Early**. We can usually work it out.

Mr. **Fontaine**. They may appeal to the Administrator, but, generally that has not happened. At one point Mr. Nixon wanted to nove into the Chrysler Building in New York, and we did not have he money, and he did not move. Appeals do come up now and hen.

Mr. **Wolf**. Sure.

Mr. **Fontaine**. They can always appeal to the Administrator.

Mr. **Wolf**. But I would think that with your relationship with hem and knowing you were fair, they would pretty much—

Mr. **Fontaine**. Yes, sir. They are generally pretty reasonable.

Mr. **Roybal**. Mr. Coleman?

Mr. **Coleman**. I guess when I saw people taking typewriters out f my office yesterday because of Gramm-Rudman, I realize we are ll under it.

I have to question the increase of 134.

Mr. **Fontaine**. That is $134,000.

Mr. **Coleman**. Well it is 134; is it for staff?

Mr. **Early**. No, sir.

SALARY LIMITATIONS

Mr. **Coleman**. Isn't that fiscal year 1987?

Mr. **Early**. Yes, sir. They have a staff that varies from 5 to 7 employees per former President, and they are not treated as ceiling employees at all. They are counted as Government employees only for retirement purposes.

Mr. **Fontaine**. They also have a salary limitation on their staff of $96,000. We don't care how they mix it—one or two people at $48,000; or 10 people at $9,600 except that the top salary cannot exceed that paid a GS-18. It is a dollar limitation which cannot be exceeded.

Mr. **Coleman**. Shouldn't there, in your opinion, be a cap?

Mr. **Fontaine**. I think the present cap is unrealistic. It has been a number of years since it has been raised, but $96,000 does not buy an awful lot of staff these days.

Mr. **Early**. The cap has been fixed for approximately 16 years.

Mr. **Fontaine**. I think it should be so that every time there is a Government pay raise, whether it be 4 percent or 5 percent the cap would increase accordingly.

The cap should be allowed to go up, because it is totally unrealistic. This might have been fine 20 years ago. I don't think it is realistic today.

I am sure most of their staff is subsidized out of their own pockets or from other sources.

Mr. **Coleman**. Now, as the Chairman pointed out—and unfortunately, as you pointed out, it is not just here in the House—it's back home. It's everywhere. People want to raise cain about this. I think the way we ought to treat these former Presidents is, you know, it ought to be better than anywhere else, and it ought to be done right.

What they have had to go through, in my opinion, is worthy of the best way, as a Nation, we can treat them.

It's fantastic how, even they are criticized for their staffs and expenditures. I mean, it is unbelievable. But it does happen.

Mr. **Fontaine**. Yes, sir.

Mr. **Early**. But there is clear control on their staffing costs. In the Ford Administration there was some recognition of the cost changes so the law was amended so that the staff salaries were capped at $150,000, in aggregate, for the first 30 months that former Presidents are out of office.

After that, it drops to $96,000. Also, the law indicates that no one individual can get more than a Grade 18 salary. Beyond that, it is kind of open, but the amount is very limiting.

It keeps a control on the size of the staff that the Federal taxpayers are paying for.

LEGISLATIVE RECOMMENDATIONS

Mr. **Coleman**. Why don't you just write me up your recommendation? I will get it in the record, I would just like to see it in the record. All I want to do is try to see how we could better deal with it.

Mr. **Fontaine**. The problem, I think, Mr. Coleman—at least in my experience, is that no President wants to propose legislation that benefits or appears to benefit him when he leaves office.

We have had legislation at OMB on and off for 20 years, and they always sit on it. I think if it is ever going to get changed, it is going to have to originate here. They just will not do it—I don't care if is a Republican or a Democrat.

Mr. **Coleman**. I agree.

Mr. **Fontaine**. There are plenty of changes that should be made in this law.

Mr. **Early**. The General Accounting Office has issued reports indicating recommended changes, recommending combinations of this statute with the Presidential Transition Act, which we generally concur in. We have worked with them on those recommendations, and, in general, we agree with them.

Mr. **Coleman**. I think there are members of this committee that might be interested in doing that, in originating it here.

Mr. **Fontaine**. I believe that the proposal must originate in the Congress.

Mr. **Coleman**. What I am asking you to do is just collate it for me.

Mr. **Fontaine**. Sure. I have testified five or six times in front of Senator Chiles—I thought something was going to come out of that; there never has.

Mr. **Early**. In relation to your Gramm-Rudman question, the President's budget reflects $169,000 increase. In talking to the staffs of the former Presidents, they have suggested to us a reduction of that to an $111,000 increase. We have provided the Chairman with a revised chart showing distribution of those dollars reflecting staff recommendations for reductions in areas where they can tighten it up.

Mr. **Fontaine**. The big expense for them is in the Secret Service protection but that does not come from this appropriation.

For a million dollar account, it generates a lot of mail.

Mr. **Coleman**. Thank you, Mr. Chairman.

Mr. **Wolf**. Mr. Chairman, could I just ask one more question. Well, this is a personal question—maybe it should be off the record, I don't know.

Mr. **Roybal**. Off the record.

[Discussion off the record.]

Mr. **Roybal**. Now, for the record, I would like to include in the record a list of allowances and office staff of former Presidents, as revised in 1987, and that will appear in the record at this point.

[The list of allowances and office staff follows:]

ALLOWANCES AND OFFICE STAFF FOR FORMER PRESIDENTS
FY 1987 REVISED

OBJECT CLASSIFICATION	NIXON	FORD	CARTER	JACKSON PLACE	WIDOWS	TOTAL
PERSONNEL COMPENSATION	96,000	96,000	96,000			288,000
PERSONNEL BENEFITS	14,000	14,000	14,000			42,000
BENEFITS FOR FORMER PERSONNEL:						
PENSIONS	86,200	86,200	86,200		20,000	278,600
UNEMPLOYMENT COMPENSATION	0	2,700	0			2,700
TRAVEL	15,500	35,000	2,000			52,500
MOTOR POOL	0	0	3,000			3,000
TRANS. OF THINGS	2,100	1,000	1,000			4,100
RENT, UTILITIES, & COMM:						
EQUIP. RENTAL/DEPREC.	3,500	2,500	1,000			7,000
TELEPHONE	23,000	35,200	34,400			92,600
POSTAGE	7,000	17,900	16,500		3,000	44,400
RENT	107,900	59,100	69,200	54,000		290,200
PRINTING	2,200	1,600	6,200			10,000
OTHER SERVICES	1,000	4,700	15,600			21,300
SUPPLIES & MATERIALS	7,000	7,700	4,900			19,600
EQUIPMENT	5,000	5,000	10,000			20,000
TOTAL APPROPRIATION	370,400	368,600	360,000	54,000	23,000	1,176,000

Mr. Roybal. Mr. Fontaine, we would like to thank you and your colleagues for your presentation this morning.

Mr. Fontaine. Thank you, Mr. Chairman.

It is always a pleasure to be here.

WITNESSES

	Page
Barton, W.R	425
Bennington, Dr. Bernard	247
Carr, F.J	247
Diluchio, R.J	119
Early, W.B., Jr	1, 445, 485
Fontaine, R.A	1, 119, 247, 445, 485
Gillum, C.R	425
Golden, T.C	1
Gray, D.C.J	313
Jones, E.E	381
Latimer, A.B	1
McDonough, Francis	247
Myers, J.T	119
Neustadt, Margaret	247
Smith, S.E	119
Sullivan, W.F	119
Trause, Paul	1
Venneberg, J.D	119
Yonkler, Leonard	247

494

INDEX

GENERAL SERVICES ADMINISTRATION

Page

Agencywide Matters 1
- A-76 Process 32
- Employee reductions 32
- Goals and objectives 20
- Highlight Summary 80
- Opening statement 1
- Reprogramming 27

Allowance and Staff for Former Presidents 485
- Former President Audit 488
- Legislative recommendations 490
- Official duties and functions 487
- Opening statement 486
- Pensions 487
- Salary limitations 489

Federal Property Resources Service 381
- Avondale, MD Parcel 394
- Beltsville, MD Parcel 38, 394
- Discount conveyances 394
- Excess surplus property 388, 395
- Increases and decreases 387
- Opening statement 382
- Property disposal, Hawaii 35, 390
- Real property disposal and initiative 30, 389, 391

Federal Supply Service 313
- ADP capability 319
- Charge Card and Travelers Check Program 322
- Closing of supply depots 321
- Direct shipment 318
- Expenses, Transportation Audit Contracts 321
- Explanation of increases 317
- Furloughs 27, 33
- General Supply Fund 319
- Opening statement 314
- Purchase of vehicles with airbags 322
- Questions for the record from Congressman Hoyer 323

General Management and Administration 445
- Functions of Comptroller's Office 450

495

General Management and Administration—Continued Page
  Increases over 1986 488
  Money returned to Treasury 448
  Opening statement 446
  Transportation Audits function 449
  Unfunded FTE 449

Information Resources Management Service 247
  ADP equipment acquisitions and sharing 254
  Automatic Data Processing fund and equipment 254
  Budget increases and decreases 253
  Federal Telecommunications System and savings 30, 255, 260
  Opening statement 248

Office of Inspector General 425
  Additional FTE 427
  Anticipated benefits 428
  Bid protests 430
  Contract and internal audits 427
  Internal fraud 429
  Opening statement 425
  Unfunded positions 430

Public Buildings Service 119
  Asbestos abatement 128
  Baltimore Appraiser's Store 153
  Border crossings 128
  Bridge of the Americas 130
  Child Care Centers 34
  Cleaning services 126, 153
  Contracting out 126
  Cost of rental space 36, 126
  Federal Building, Hawaii 127
  FBF financial condition 123
  Federal leases 26, 39, 131
  Health and safety repairs 28, 125, 128
  Liability insurance 28
  Los Angeles Courthouse 37
  Oakland Status 36
  Opening statement 119
  Pentagon parking 33
  Prospectus approval 38
  Relocation of Federal agencies to suburbs 39, 40
  Reprogramming 153
  Security in public buildings 125, 126
  Space utilization rate at 135 sq. ft 124
  Staff reductions 153

○

496.